

# BUSINESS WEEK

Profits: Good, But....

PAGE 78

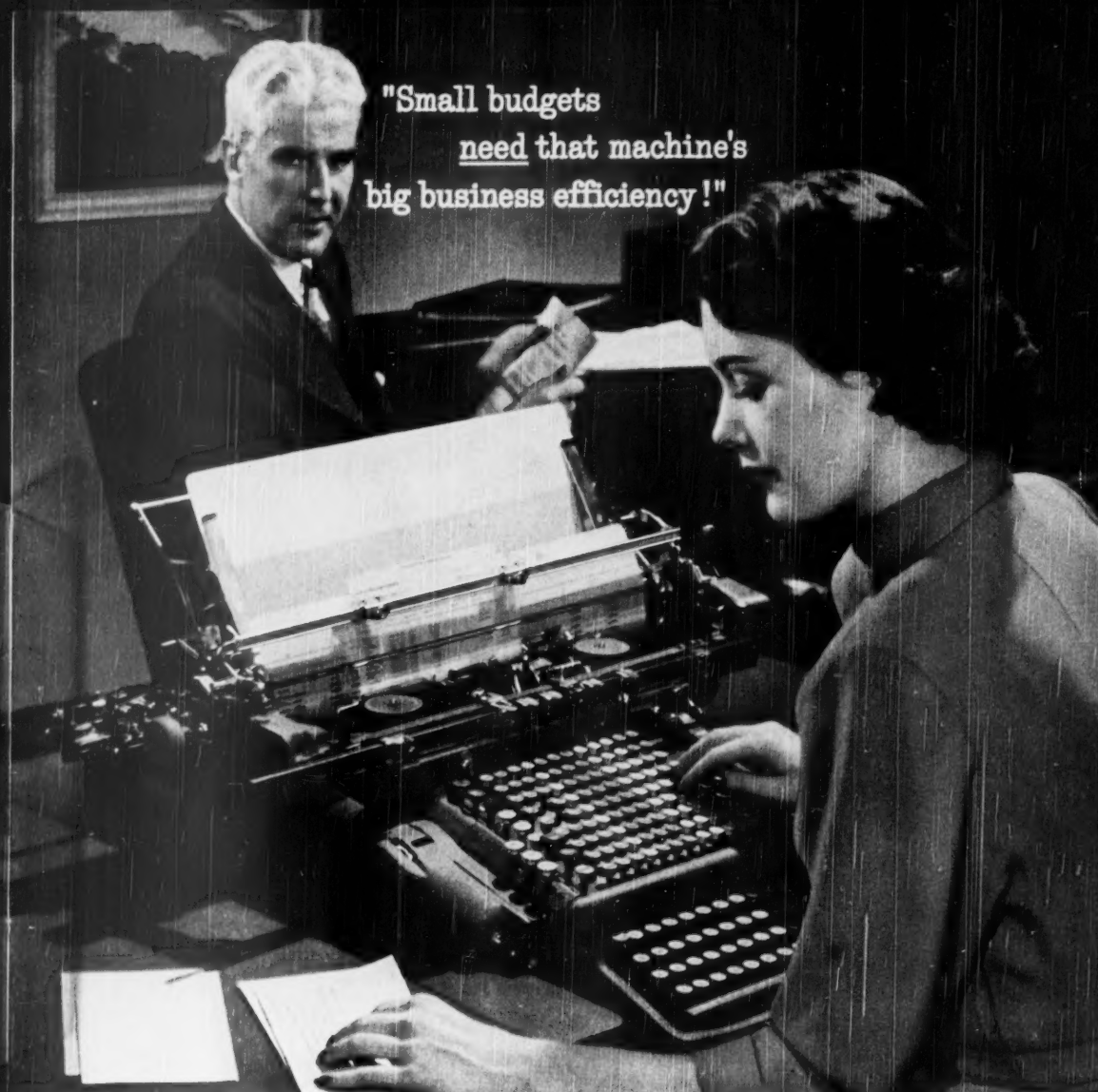
INDEX  
YEAR  
AGO



Harry W. Morrison: The sun never sets on Morrison-Knudsen construction (page 6)

A MCGRAW HILL PUBLICATION

FEB. 11, 1950



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need that machine's  
big business efficiency!"

HERE'S HOW NATIONAL MECHANIZED ACCOUNTING CAN HELP KEEP YOU WITHIN YOUR BUDGET\*

This *one* National machine handles every accounting job in your office. Removable form bars enable the operator—in a matter of seconds—to change from one posting job to another.

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**THE NATIONAL CASH REGISTER COMPANY**

**National**  
CASH REGISTER COMPANY



Photo courtesy Inland Empire Paper Co.

## Rubber helps put the squeeze on paper

### *A typical example of B. F. Goodrich product improvement*

**G**OING down that line is next month's newspaper: those big rolls are squeezing the last water out of pulp—off the last roll will come dry, finished paper.

But the leather belt that had been used to drive those heavy rolls had to be so tight that it soon stretched and wore out. Then the whole mill would shut down while the belt was repaired or replaced. An ordinary rubber belt wouldn't do because the pull on the belt was so great the metal fasteners, used for joining the belt ends, would tear out.

But B. F. Goodrich had developed a belt so strong it rarely stretches and then invented a method of locking belt ends together with a splice which never tears loose. Where ends of the outside plies come together they are carried down under the surface, protected by a flexible top layer and vulcanized with new rubber. This splice actually ends 90% of all belt troubles.

A B. F. Goodrich rubber belt, made endless by this Plylock Splice, as it is called, was put on the big mill in the picture; it has already outlasted leather 3 to 1.

The Plylock Splice illustrates the B. F. Goodrich policy of constantly improving the value to the customer of everything made of rubber-for-industry. Research here never stops; nothing is ever "good enough"; improvement must be constant. Some people might call it improving ourselves out of business; we call it the American competitive profit system at work. *The B. F. Goodrich Company, Industrial and General Products Division, Akron, Ohio.*

**B.F. Goodrich**  
RUBBER FOR INDUSTRY

# B U I L D E R S   O F   T H E



*One Hundred Years of BRASS made*



# BRASS INDUSTRY



## ISRAEL HOLMES

(First President of BRISTOL BRASS)

*Loud laughter at British police . . . Smuggler of men . . .*

*Shrewd taker of chances . . . Free thinker and enterpriser . . .*

*Organizer of 7 companies . . . Brass man first and last*

Hard of head and fist, Israel Holmes became the first president of The Bristol Brass and Clock Company on the night of April 3, 1850, when the company was organized at Foster's Tavern, in the North Village of Bristol, Connecticut . . . then as now the Detroit of the clock industry. Then, Fillmore had just succeeded Zach Taylor. California had just been admitted by the Clay Compromise. And a country lawyer, name of Lincoln, was beginning to attract notice.

Organized with 16 directors, and capitalized for \$100,000 to make clock brass and springs, Bristol never made a clock . . . but made one of industry's most phenomenal dividend-records. For Brass was the basis of the new clock industry. It didn't swell like wood in the humid heat of the south. Nor did it rust like iron. And it was mighty easy to work.

In that day, money was down and prices were

up, as they are now. And copper was 20¼ cents a pound. But Israel Holmes clearly saw the gold in brass. So he went to Liverpool to bring Brass-casters and workers to this country . . . if he couldn't get them out of England any other way, *he smuggled them aboard ship in wine casks under the noses of Liverpool police.* And the Brass industry thrived in the Valley of the Naugatuck.

And Bristol Brass and Clock prospered more than most. For even then, Bristol Brass had already earned the name it still holds, 100 years later . . . for making Brass *fast*, making it *good*, and getting it to the customer when it had been *promised* him. That's how Bristol played such a large part in "giving everybody the time of day" . . . at a price they could afford. And *you*, whatever *your* product, can try Bristol Brass Sheet, Rod and Wire today . . . and get better quality and service than ever before.

## "BRISTOL FASHION"

LIKE THE WORLD-FAMED MERCHANT SHIPS FROM BRISTOL, ENGLAND . . .  
ALWAYS PROMPT, SHIPSHAPE, RELIABLE

The BRISTOL BRASS CORPORATION, makers of Brass in Bristol, Conn. since 1850





## Another example of "PACKAGE" pioneering

"It's a good idea, if we can do it by machine." This comment is frequently made when a new packaging idea is developed. And in case after case, "PACKAGE" supplies the machine.

Textile products are one of the most recent examples. For this field, our engineers produced an entirely new, quickly adjustable machine which enables a manufacturer to economically wrap an assortment of products at speeds up to 45 per minute.

Enclosed in colorful printed cellophane or other material, these individually wrapped items offer quick brand identification. . . . Protect against soilage and shopwear. . . . And permit impressive mass displays in all types of outlets.

The public as well as dealers quickly responded—and today more and more manufacturers are turning to this new selling aid.

### YOUR PROBLEM

No matter what your type of product or your packaging problem may be, it will pay you to PUT IT UP TO PACKAGE.

**PACKAGE  
MACHINERY COMPANY**  
SPRINGFIELD, MASSACHUSETTS

Write for our leaflet

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## BUSINESS WEEK

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BUSINESS WEEK • Feb. 11, 1950

# THE MAN WHO LIKED TO PLAY AUTOMOBILE!

(PROVOCATIVE, ISN'T IT?)

by Mr. Friendly



He said, "I'll admit, it seems rather coy  
For a man of my age to be driving a toy...  
I'm a wee bit large and I feel like 10 fools  
But it keeps me from breaking the traffic rules!"

He said, "Rules are fine, but how can you heed 'em  
If this is the way they sound when you read 'em:

"Whereas and whereof, the forenamed above  
Has said obligation to wit reinstatement,  
For and/or collisions one must reimburse,  
It's 10 years in jail or very much worse!"

Here Mr. Friendly steps in and shows the poor fellow  
American Mutual's wonderful illustrated magazine\*  
Which explains in clear-cut, every-day language  
The rules for all 48 states—Financial Responsibility laws,  
How to report accidents, hand signals, state inspection, etc.

Well, he learned almost all the state laws there are  
But he couldn't obey them without a car...  
So he traded his Kiddie Kar in next day  
On 6 sedans and a sports coupay!



## AMERICAN MUTUAL

...the first American liability insurance company

"\*A 50¢ MAGAZINE! That's what it cost us to bring you this special edition of "WATCH" Magazine. Yet this guide to safer driving costs you only 15 cents to cover cost of handling and postage. Get your copy today. Write American Mutual Liability Insurance Co., Dept. 6-70, 142 Berkeley St., Boston 16, Mass.



© 1950. AMERICAN MUTUAL LIABILITY INSURANCE COMPANY

# Where in the world...



1...do young girls dance for rain in times of drought?



2...do native tribal women dance around drawings of animals to bring luck to hunters?



3...does the national dance portray a flirtation?



4...do the people dance while reciting ballads of their country's history?

Their dances are performed in countries which are no farther away than your telephone. In fact, you can easily reach most of the world's countries... and 96% of the world's telephones—without leaving your home or office!

If, thousands of miles away, there's a good friend you'd like to visit... or an important business matter to settle, just pick up your telephone. Say to the Long Distance operator: "I want to make an overseas call." The cost is surprisingly low.

4. Iceland

3. Costa Rica

2. Australia

1. Switzerland

BELL SYSTEM OVERSEAS TELEPHONE SERVICE



## THE DEPARTMENTS

Business Abroad	105
Business Outlook	9
Companies	58
Finance	78
International Outlook	105
Labor	90
Marketing	30
The Markets	85
New Products	54
Production	44
Readers Report	67
Taxes	72
The Trend	112
Washington Outlook	15

## THE COVER

Idahoans are proud of: their potatoes, Sun Valley, and Harry Morrison.

Big business generally seems as remote from Idaho as a heat wave from the North Pole. Idaho's Morrison-Knudsen Co., Inc., is an exception to the rule. It is one of the world's great construction firms.

Harry W. Morrison, who runs that firm, is an active, dynamic man of 65, who rushes from job to job in his private plane with the stamina of a youngster. Born on an Illinois farm in 1885, Morrison's first job was as a water boy on a construction project. Later he spent six years with the U.S. Bureau of Reclamation. During this time he earned a degree in civil engineering from International Correspondence Schools. He teamed up with the late Morris H. Knudsen in 1912, and after they got into the swing of things, had a finger in almost every big construction job in the Western Hemisphere.

• **He's Boss**—Morrison employs the top men in the heavy engineering field. But there's no doubt who is boss. Fully 80% of his time Morrison spends flying from job to job. And almost always he is accompanied by his wife, Ann. They grew up, as he puts it, in construction camps. The *Em Kavan*, the company's house organ, publishes extracts from Mrs. Morrison's diaries.

Morrison's theory of doing business is based on cooperation. He claims that the key to it all is loyalty—of the men to their boss, and of the boss to his men. No matter how busy he is, Harry Morrison always finds time to listen to a gripe.

• **Harmony**—Morrison likes to say that his work is his hobby. But that's only half the truth. He devours mystery stories. And he'll organize a barber shop quartet at the drop of a note. His contribution is a lusty baritone and an old git-tar that makes up in percussive effect what it may lack in tonal qualities.

*Complete story on Morrison-Knudsen begins on page 65. Cover painting by Tran Mauiche.*





## "KEEP AWAY SKIP...OR ONE OF YOU MIGHT GET HURT!"

"KITTY's got sharp claws and you've got sharp teeth, Skip. I wouldn't want any accident to happen that might keep you from becoming good friends."

In *business*, too, accidents are a constant threat. That's the reason why so many organizations of all sizes—small and large, across the nation—are protected by Hardware Mutuals workmen's compensation insurance. Those who also qualify for Hardware Mutuals *accident prevention* service are getting expert help in eliminating the *causes* of accidents. This, plus Hardware Mutuals reputation for quick, sympathetic settlement of claims, results in higher employee

morale and strengthens employees' "feeling of belonging."

Ask your Hardware Mutuals representative about the *policy back of the policy*. He'll explain the many clear-cut benefits it offers you, such as fast, friendly, nationwide, day-and-night service—and prompt, fair claim handling. In addition, Hardware Mutuals have returned dividend savings to policyholders every year since organization.

### Phone Western Union

Get acquainted the new, easy way! Just call *Western Union* by number, ask for Operator 25, and say you'd like the name and address of your nearest Hardware Mutuals representative.

*Casualty and Fire Insurance for your AUTOMOBILE...HOME...BUSINESS*

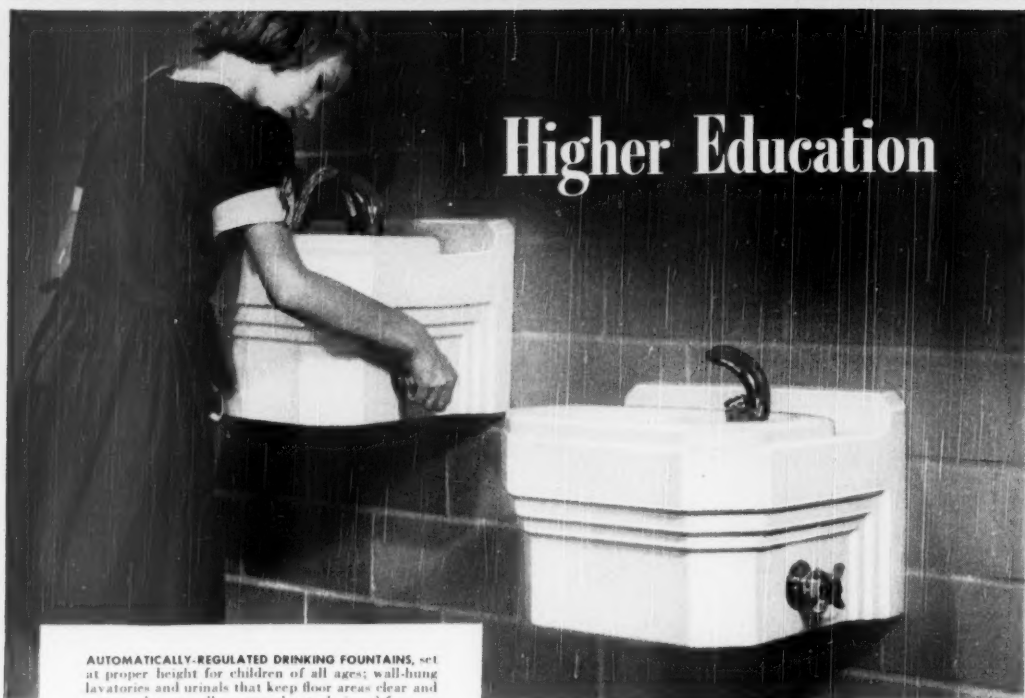
# Hardware Mutuals

*Stevens Point, Wisconsin • Offices Coast to Coast*

HARDWARE MUTUAL CASUALTY COMPANY • HARDWARE DEALERS MUTUAL FIRE INSURANCE COMPANY

# AMERICAN-Standard

First in heating . . . first in plumbing



## Higher Education

**AUTOMATICALLY-REGULATED DRINKING FOUNTAINS**, set at proper height for children of all ages; wall-hung lavatories and urinals that keep floor areas clear and easy-to-clean; smaller water closets designed for very young pupils—these are typical of the contributions made by American-Standard to modern plumbing.

**T**ODAY, the little red schoolhouse of nostalgic memories, outdoor plumbing, and pot-bellied stove, has just about disappeared. And our educational progress is reflected not only in higher academic standards and improved teaching techniques, but equally in the greater comfort, convenience and healthfulness of the students' surroundings.

To educational progress of this latter sort, American-Standard has contributed substantially. For American-Standard has always given special attention to the heating and plumbing requirements of schools . . . has constantly tried to anticipate new needs and prepare for them.

As a result, American-Standard can today supply specialized plumbing fixtures designed for every conceivable school need . . . whether in tiny one-room institutions or huge university buildings. And American-Standard can provide, also, quality heating equipment of all types, for any kind of fuel, to keep schools comfortable and economically warm.

The many improvements in school heating and plumbing pioneered by American-Standard speak eloquently of its ability to develop special products for special needs in every field . . . from factory to bus station, from hospital to home.

LOOK FOR THIS



MARK OF MERIT

American Radiator & Standard Sanitary Corp. • General Offices: Pittsburgh, Pa.

Serving home and industry: AMERICAN-STANDARD • AMERICAN BLOWER • CHURCH SEATS • DETROIT LUBRICATOR • Kewanee Boilers • ROSS HEATER • TONAWANDA IRON

# BUSINESS OUTLOOK

BUSINESS WEEK

FEBRUARY 11, 1950



Coal now is a positive factor in industry shutdowns and layoffs.

Coal-hauling railroads are hardest hit. A few steel mills are gradually being pinched, but output still is above 90% of capacity.

Unless the miners return to the pits, a real crisis in steel will develop in 10 days to two weeks.

Layoffs caused by coal shortages come when unemployment is already high.

From December to January, about 990,000 were added to the jobless rolls. That brought the total to just under 4½-million.

That's 400,000 above the previous postwar peak (last July).

Only offset to this loss of wages is unemployment compensation. About 2.6-million workers are on "comp," the most since last summer.

Fortunately, unemployment isn't likely to rise anywhere near as much between January and July this year as it did last.

If it were to, the jobless total would approach 6-million. Business promises to be better this summer than last—and that should hold 1950's peak unemployment in the neighborhood of 5-million.

But even that will be enough to worry a lot of people.

More jobs might have been available in January but for bad weather.

That is most true in farming. Employment on farms was down more than 550,000 from a year ago (and a like amount below the December figure).

January's showing in nonfarm jobs is mildly favorable in two ways:

(1) The level of nonagricultural employment is a mite ahead of a year ago. The total of 50,749,000 this year is up by about 100,000.

(2) The drop in employment from December to January was less than a year ago. The drop this year was a million against 1.4-million.

A big drop from December to January always occurs. Trade and service help are let off after Christmas.

There are about 1,350,000 more people looking for jobs now than there were a year ago. That accounts for the big rise in unemployment over a year ago, even though slightly more nonfarm jobs are to be had now.

Industry's inventory position is having a much more constructive effect on the business situation now than a year ago.

Early last year, new business was scarce. Manufacturers were filling orders on the books out of inventory. The net result was less business for everybody—and a slide in wage and salary payments.

Manufacturers of durable goods cut inventories \$3-billion between February and October. Soft-goods plants worked stocks down about \$1.1-billion between January and September.

Late in the year, however, most manufacturers were replenishing to some extent. And that has carried over into 1950.

For example, some of the recent buying of steel and perhaps copper might be traced to building of inventory.

Inventory changes have important influences on activity and prices. Addition of \$4.2-billion to manufacturers' inventories in 1948 was an impor-

# BUSINESS OUTLOOK (Continued)

**BUSINESS WEEK**  
**FEBRUARY 11, 1950**

tant inflationary factor. The net reduction of \$2.4-billion in 1949 pulled rather strongly on the down side.

This year inventories probably will be much more stable.

•  
Building's strong 1949 finish is carrying over smartly into 1950.

This is in contrast to the situation a year ago. The value of construction work done on houses ran behind the year before throughout the first nine months of 1949.

But the trend switched sharply in the last three months. And January of this year, with \$650-million worth of work on housing, carried on. That's remarkable for a winter month, matching the July, 1949, figure.

In January, 1949, value of work put in place was \$475-million.

•  
Builders' biggest hazard is that too much housing will be completed in too short a time. Demand for homes—at a price—still is huge. But a little overpricing this spring could cause a temporary glut

•  
Value of all construction in January was off a bit from December but still was high for midwinter.

Work put in place last month is valued at \$1½-billion by the estimate compiled by the Depts. of Commerce and Labor. That's 16% over a year ago though down by about 7% from December.

Public construction continues to make an important contribution. At \$360-million in January, it was 24% ahead of last year.

Value of industrial construction, however, was down by 37%.

•  
With close to \$3¾-billion tied up in supporting crops—and more supporting to be done—the government's surplus problem grows apace.

Plans to destroy up to 40-million bu. of potatoes (page 24) simply serve to dramatize the troubles. Another item: The government will continue to buy eggs—although it already has \$100-million sunk in them.

Then there is the simple matter of storage, highlighted in grains.

The Commodity Credit Corp. is out to build still more of the storage bins which now dot the land. When the new wheat harvest starts, farmers will dump surplus grain grown in 1949 on the government.

CCC, with 375-million bu. of storage capacity, has all but 40-million bu. of the space filled. So it will buy another 100-million bu.

•  
Potato growers are promised a support price of only \$1.01 a bu. for 1950. Yet that is only a little under the \$1.10 for 1949—which wasn't low enough to prevent another discouraging surplus.

•  
Commodity Credit Corp.'s new policy of posting amounts and prices of various surplus crops available each month virtually sets a ceiling.

CCC is required to sell at not less than the support price plus 5% plus carrying charges. Such a price generally is above the market.

So the purchaser of wheat, for example, knows the price beyond which he will not have to bid for grain. At the same time, if supplies get short due to government support takings, he knows the price at which he will be able to get all he wants.

For example, CCC has 15-million bu. of No. 1 dark northern spring wheat for sale in Minneapolis at \$2.47. The market is under \$2.20 a bu.

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*A General Office by Hauserman at Moore Business Forms, Inc., Niagara Falls, N. Y.*

## Just Ordinary Washing Keeps Hauserman MOVABLE Steel Interiors *Beautiful Through the Years*

**H**AUSERMAN Movable Steel Interiors are beautiful and economical. They save thousands of dollars by eliminating the necessity of patching and repainting walls. About all the maintenance that's ever required is occasional soap and water washing.

Because Hauserman products are made of steel, they won't chip, crack, warp or scale. And the bright cheerful colors and authentic wood grain finishes are baked-on to last a lifetime. In impartial tests at an independent laboratory, Hauserman's special finishes withstood 400,000 brush strokes while immersed in a 5% solution of trisodium phosphate . . . a popular interior cleaning agent. At the end of these tests there was no softening and only a slight abrading of the paint film.

There are many reasons why Hauserman Movable Steel

Note: Name of laboratory on request.

Interiors are used in the smaller as well as the larger buildings in America. Among these advantages are: 60 Beautiful Colors and Authentic Wood Grain Reproductions—Rigid Construction—Earlier Occupancy—Incombustible Materials—Ease of Adding Wires and Outlets—Ease of Servicing Utilities—Excellent Sound Control—Rock-bottom Maintenance Costs—Easy to Move.

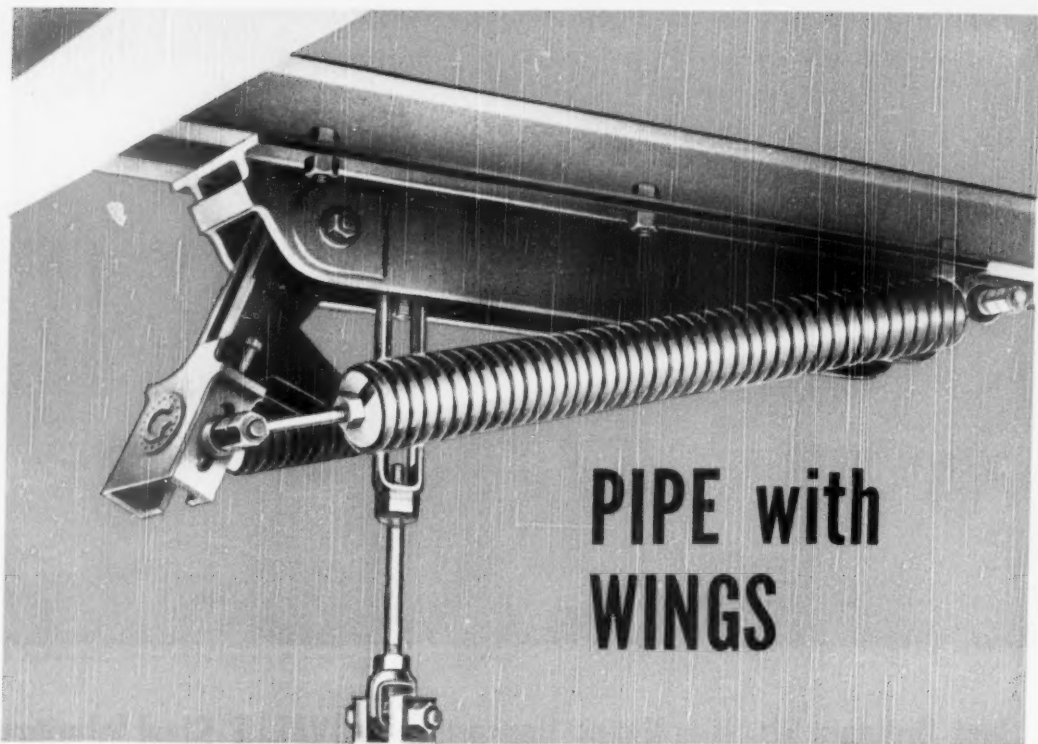
A Hauserman representative will be glad to discuss these and all the other advantages of Hauserman Movable Steel Interiors with you, your architect and your builder. Or, if you prefer, send for a copy of our fully illustrated 60-page catalog. Just write or call the Hauserman office or representative nearby, or contact *The E. F. Hauserman Co., 6914 Grant Avenue, Cleveland 5, Ohio.*



Organized for  
Service Nationally  
Since 1913



Partitions • Wainscot  
Railings • Acoustical Ceilings  
Complete Accessories



## PIPE with WINGS

TONS of high pressure, high temperature piping in a power plant must "float" . . . or something busts. In a power station now under construction the main steam lines carry steam at 1,050 degrees temperature and 1,500 pounds pressure, and travel as much as 7½ inches vertically and 5 inches horizontally. If this expansion were to crowd back into any part of the power equipment, the strain would be disastrous.

At every point of its travel from cold to hot positions, this piping must have the same amount of support or "lift" so that none of the stress will be transferred along through the piping system. That's an engineering problem for which there's only one practical solution . . . what amounts to "wings for pipe". It's a constant-support pipe

hanger, made only by Grinnell, which provides supporting force equal to the weight of the shifting pipe in all positions.

The solution to this complicated problem of thermal movement is typical of Grinnell's complete piping service, which provides the products, facilities and experience required "whenever piping is involved". Grinnell Company, Inc., Providence, R. I.

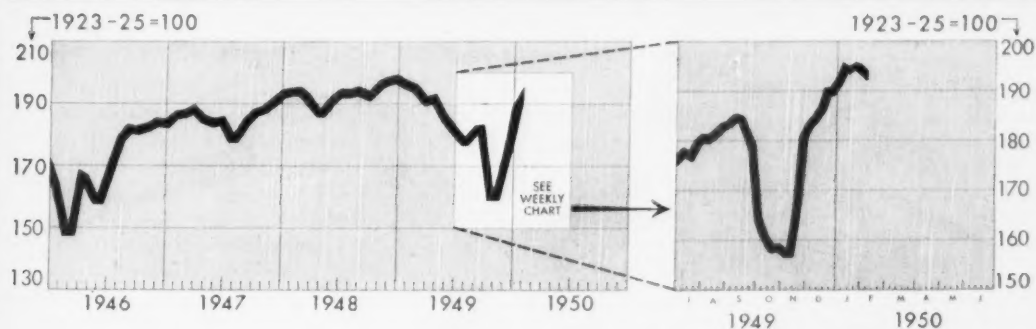
»»» This is the largest Grinnell Constant Support Hanger made. It is over 6 feet long and will handle vertical piping travel up to 8 inches and weights up to 22,000 pounds. Each of these mammoth hangers in this new power plant will support tons of chrome molybdenum alloy steel pipe with an outside diameter of 14 inches and a wall thickness of 2 inches through a maximum travel of 7½ inches vertically and 5 inches horizontally.



# GRINNELL

pipe and tube fittings • welding fittings • engineered pipe hangers and supports • valves • Grinnell-Saunders Diaphragm Valves • pipe prefabricated piping • unit heaters and heating specialties • water works supplies • grey iron castings • air furnace malleable iron castings • automatic sprinkler fire protection systems installed complete.

# FIGURES OF THE WEEK



**Business Week Index** (above) . . . . . \*194.3 †195.4 195.5 196.5 162.2

## PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity).....	91.5	93.1	94.0	100.1	97.3
Production of automobiles and trucks.....	127,656	†141,036	116,768	102,981	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$29,216	\$31,365	\$33,603	\$27,067	\$19,433
Electric power output (million kilowatt-hours).....	6,062	5,972	5,695	5,778	3,130
Crude oil and condensate (daily average, 1,000 bbls.).....	4,945	4,956	4,927	5,408	3,842
Bituminous coal (daily average, 1,000 tons).....	1,250	1,210	1,277	1,747	1,685

## TRADE

	Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Miscellaneous and l.c.l. carloadings (daily average, 1,000 cars).....	68	67	64	71	86
All other carloadings (daily average, 1,000 cars).....	38	36	40	43	52
Money in circulation (millions).....	\$26,928	\$26,913	\$27,551	\$27,556	\$9,613
Department store sales (change from same week of preceding year).....	+2%	None	-4%	-7%	+17%
Business failures (Dun & Bradstreet, number).....	199	232	161	145	228

## PRICES (Average for the week)

	Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100) Dec. 167.5			168.6	171.4	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100).....	355.2	355.3	349.9	376.7	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	220.7	†221.9	223.7	274.3	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	300.9	302.7	300.4	289.2	146.6
Finished steel composite (Iron Age, lb.).....	3.837e	3.837e	3.837e	3.720e	2.396e
Scrap steel composite (Iron Age, ton).....	\$27.08	\$27.08	\$26.42	\$37.58	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	18.500e	18.500e	18.500e	23.500e	12.022e
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$2.21	\$2.24	\$2.23	\$2.21	\$0.99
Sugar (raw, delivered New York, lb.).....	5.70e	5.79e	5.70e	5.65e	3.38e
Cotton (middling, ten designated markets, lb.).....	31.43e	31.38e	30.90e	32.34e	13.94e
Wool tops (New York, lb.).....	\$1.754	\$1.822	\$1.815	\$1.671	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	19.25e	18.54e	18.48e	18.67e	22.16e

## FINANCE

	Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
90 stocks, price index (Standard & Poor's Corp.).....	137.2	134.5	135.3	118.5	78.0
Medium grade corporate bond yield (Baa issues, Moody's).....	3.24%	3.23%	3.24%	3.44%	4.33%
High grade corporate bond yield (Aaa issues, Moody's).....	2.58%	2.58%	2.57%	2.71%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	14-14%	14-14%	14-14%	14-14%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	14-14%	14-14%	14-14%	14-14%	4-4%

## BANKING (Millions of dollars)

	Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Demand deposits adjusted, reporting member banks.....	47,767	48,514	47,975	46,945	††27,777
Total loans and investments, reporting member banks.....	67,267	67,818	67,222	62,696	††32,309
Commercial and agricultural loans, reporting member banks.....	13,918	13,871	13,851	15,318	††6,963
Securities loans, reporting member banks.....	1,938	1,900	2,128	1,960	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	37,595	38,077	37,514	33,268	††15,999
Other securities held, reporting member banks.....	5,185	5,162	5,035	4,184	††4,303
Excess reserves, all member banks.....	1,010	840	1,450	639	5,290
Total federal reserve credit outstanding.....	18,620	18,300	19,471	22,827	2,265

\*Preliminary, week ended Feb. 4.  
††Estimate (BW—Jul. 12 '47, p.16)

\*Revised.  
†Date for "Latest Week" on each series on request.



1. A weekend at the Statler was a treat for Tess and Ted. Tess kept a diary of the trip . . . here's what her diary said: "Arrived at Statler Friday night, it's *such* a nice hotel. They *really* treat us both like guests. Our room is simply swell!"



2. "We both slept late on Saturday—not late enough for Ted. I fairly had to pull him out of Statler's famous bed. He claimed that its eight hundred springs (and more) could not be beat. Then we had breakfast in our room . . . and how that man did eat!"



3. "We did the town that afternoon and had a lovely day. the Statler really is a *most convenient* place to stay. The shops and shows and everything are always close at hand. and Ted—who carried packages—thought that was simply grand!"



4. "The Statler food was wonderful, as tasty as I've seen, and everything was cooked so well we 'licked our platters clean.' The Statler chefs are geniuses. Ted said: 'I sure agree.' The service, too, was deft and swift which *always* pleases me!"



5. "The highspot of the weekend was a Statler evening gay. Our favorite band was playing, and we danced the night away. So when you want a change of scene, some fun and relaxation, just plan a *Statler weekend* . . . it's the perfect short vacation!"



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STATLER OPERATED: HOTEL WILLIAM PENN • PITTSBURGH



# WASHINGTON OUTLOOK



**PUBLIC VS. PRIVATE MONEY** will be the issue as Congress gets down to work on financial aid for small and independent businesses.

O'Mahoney set the stage, with his bill to create a chain of capital banks within the framework of the Federal Reserve System (page 24).

He jumped the gun on Truman—took Truman's words about helping "independent" business grow into a stronger competitive position.

But he proposed a "private" setup, with government and government money pretty well out of it. O'Mahoney doesn't want the government to get any deeper into business lending, through either the Lucas RFC bill or government-controlled capital banks.

His move is to head off the drift in that direction.

The Fair Dealers are nettled. Typical comment is that O'Mahoney's bill is in the right direction, but doesn't go far enough.

They think the government must guarantee capital for the banks—to assure ample funds. And they fear "banker influence" in the Reserve System will hinder liberal loan and equity deals.

So they're pushing Truman to go ahead and offer a substitute, giving government a bigger role. Chances are that he will.

You will want to watch developments closely. Congress is going to do something under election-year pressure to make it easier for "small" business to get money. In doing this, it will pass judgment on whether government should play a bigger role in business growth and competition, using public money.

And the role isn't limited to small business. All business is involved.

**A BONUS TO VETERANS** is gaining support within servicemen's organizations. But there isn't much sentiment in Congress to do anything this year. A bonus would pour out billions. The inclination is to hold it in reserve as a pump-primer, to be used when and if there is a severe recession.

**THE MINERALS SUBSIDY BILL** looks likely to get through Congress this year. The Senate voted it in 1949, but it was held up in the House. Some of the backers have talked it over with Truman, and say the President will take it—if it isn't made too

liberal. It will give a boost to some of the small, marginal mines.

**AN IMPORT QUOTA ON OIL** is being pushed by the independent petroleum producers and has a good chance of getting Senate approval. The strategy is to tie it on to the ECA bill as a rider. But the odds are against its getting by the House. The independents aren't so powerful there—can't override the Administration, which will fight the quota as a thorn in U.S.-British relations.

**FEDERAL AID TO SCHOOLS** looks more and more like a lost cause for this year. The House Education & Labor Committee is deadlocked on five bills. Key members say the possibility of settling the parochial-public school issue and getting a bill to the floor is small.

**FTC GETS MORE POWER** out of this week's Supreme Court decision in the Morton and International Salt case.

Gist of the ruling. FTC has free access to the books and records of any company that has ever lost to the commission—whether in court or by voluntary acceptance of a cease-and-desist order. The fact that years may have passed is not important.

This gives FTC a new weapon, and at a time when its powers to regulate business practices are being pushed aggressively.

**INTERESTED IN SALES ABROAD?** You now can get an ECA directory of European buyers of ECA-financed commodities, materials, etc. It's in three volumes: (1) food, feed, fertilizer and fuel; (2) raw and semifinished materials; (3) machinery and vehicles.

Copies are free from the ECA Office of Small Business, 800 Connecticut Ave., Washington 25, D.C. Commerce Dept. field offices also have them.

**THE NEW HOUSING PROGRAM** won't get going in time to prevent a slide in starts.

But government housing men figure the slide will be moderate—not a sharp drop below 1949's million-plus starts.

The Truman bill, sponsored by Sen. Sparkman, is making slow progress, largely because of the new financing proposed for co-ops (BW-Jan. 14 '50, p21). Truman may have to compromise to get anything on this.

But there's strong backing for other parts of

# WASHINGTON OUTLOOK (Continued)

the bill: more liberal FHA mortgage insurance on lower cost homes in small towns and urban areas; aid for multi-unit rental projects; and a bigger Federal National Mortgage Assn. secondary mortgage market.

Passage isn't likely before summer. But this will help sustain building in the fall.

**NOTE THE BIG LOBBY** which is out to beat the so-called basing-point bill.

Lots of old enemies have lined up together in a single committee to pressure Congress: AFL with CIO, the Farmers Union with the Grange; and the Cooperative League with the American Retail Federation, retail bakers, and wholesale grocers.

The plan is to attack the bill as harmful to regional industrial development in the South and West, and as an attempt to lift the ban on price discrimination.

It's a powerful combination. It will slow the bill up, but it probably won't kill it.

**HIGHER DEPOSIT INSURANCE**, to cover bank accounts up to \$10,000, will be voted.

There's controversy over the bill, largely because of FDIC's insistence that it inspect insured state banks which are also members of the Federal Reserve System. Chances are Congress will settle this by leaving examination of these banks in the Reserve System's hands. Higher insurance of savings and loan association accounts, also up to \$10,000, has a chance, but isn't so certain as the bigger coverage for bank accounts.

**SOCIALISM IS THE ISSUE** on which the G.O.P. will try to win Congress in the fall.

Republican policy drafters rejected any idea of trying to outbid the Fair Deal with public benefits for this or that group.

Instead, they decided to take their chances on convincing voters that Truman's welfare program will lead to excessive spending, more government controls, and loss of individual freedom.

Republican strategy is to play these points hard: the similarity between British Socialism and Truman's welfare program, and the charge that Truman's administration takes a "soft" attitude toward U. S. Commies. This is counted on to have an emotional effect.

Authors of the policy are such men as Taft, Martin, Halleck. They are responsible for the

party's record in Congress, and are willing to defend it. Republican "liberals," the Lodge group, didn't get much of a say.

In all, the platform plainly shows who is in control.

**U. S.-RUSSIAN RELATIONS** are tense, but are not regarded as alarming.

The current maneuvering and hot words go with the cold war. Here's the background, for perspective:

Russia, flushed with its China success, now is pressing hard at other points—in southeast Asia, in Germany, in France and Italy, with local Commies.

The U. S. is pushing back—the H-bomb publicity, harsh talk about licking Stalin, etc. The aim is to reassure our allies in Europe, also take advantage of the tension to put the heat on Congress (page 103).

You can see how the headlined statements of officials point straight to issues Congress must pass on.

**Defense Secretary Johnson** wants a standby draft. So he talks of a quick attack, and need for quick retaliation.

**ECA Administrator Hoffman** can't claim much economic cooperation in Europe, so he uses the Communist threat to assure ECA funds.

**Air Force Secretary Symington** wants a bigger air force, but Truman has tied up the money. So Symington talks up Russia's air power—to impress Congress.

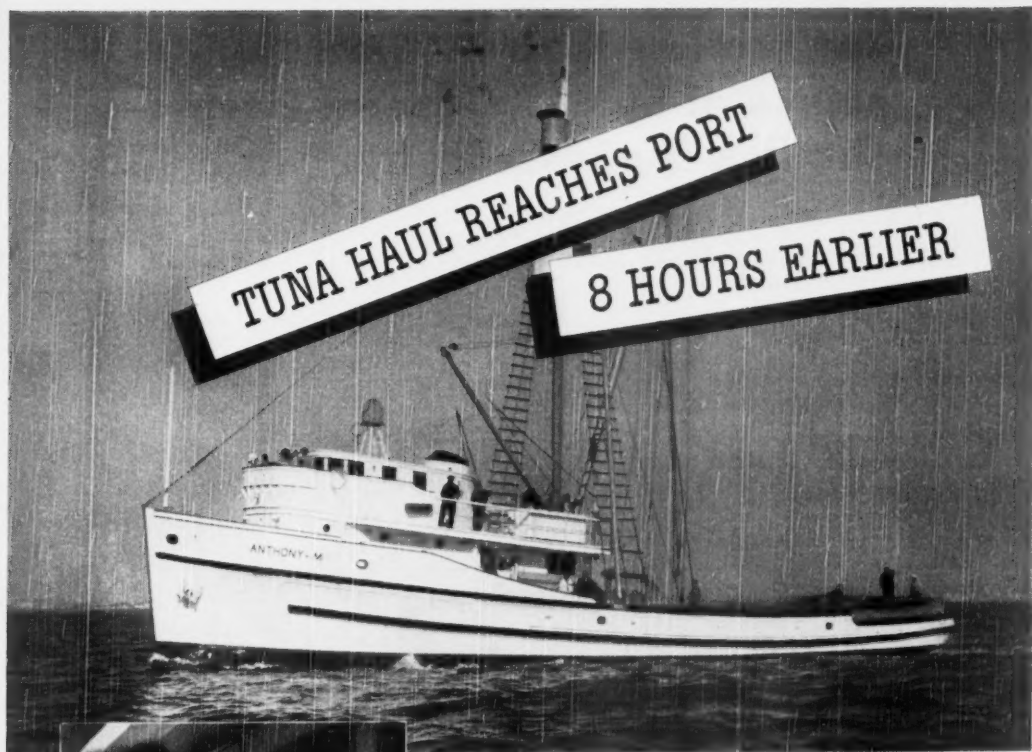
**Admiral Sherman**, Chief of Naval Operations, doesn't want the Navy cut still more. So he talks up naval needs in the Pacific.

These things have something of a crisis tone, and the atomic leak to Russia adds to the impression. But the official position still is that an early war is not likely.

**THE ARMS RACE WILL CONTINUE**, with no slowing down in sight.

The McMahon and Tydings "peace" proposals are attracting lots of attention. But there's little expectation that much will come of them at this time.

If any pact is to offer security, Russia would have to open up for inspection—reveal its strength or weakness to the world. Odds are it won't do that.



**DOMINICK MISETICH** . . . captain and half owner of the ANTHONY M . . . reports that SPERRY MAGNETIC COMPASS PILOT "handles the boat very nicely in all types of sea. On the return voyage of 11 days and 17 hours, fully 8 hours of cruising time were saved with 9 3/4 knot speed being maintained at 10 less r.p.m. Improved crew morale."

**Sperry Automatic Steering cuts down  
Purse Seiner's cruising time . . . eases strain of  
handling difficult steering boat in all seas**

— The *Anthony M*, first large purse seiner to fish tuna with nets . . . was known along the waterfront as a boat difficult to steer. With the installation of the Sperry Magnetic Compass Pilot, however, the boat handled so nicely that Captain DOMINICK MISETICH was able to save 8 hours in less than 12 days.

— Three to ten weeks usually elapse before the big seiner fills its 150- to 200-ton quota and heads for port. Every reduction in this time naturally means a corresponding gain in operating economy and profit.

— The Magnetic Compass Pilot saves time *consistently* . . . to and from the fishing grounds. And from the time the school is sighted until the seine is pursed, the instrument holds the boat on any prescribed course *automatically*.

— The remote control device permits the skipper to navigate from any part of the boat, thus permitting him to observe and supervise all duties connected with the fishing operation.

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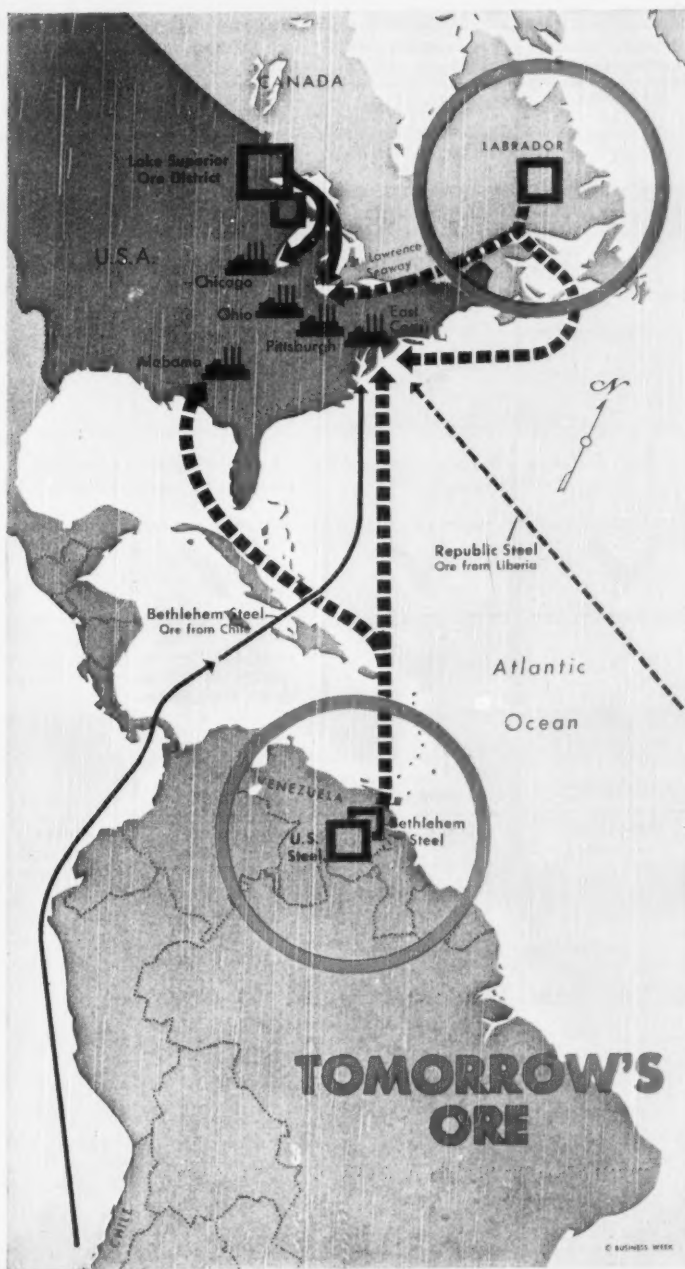
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## A Basic Industry Solves a Basic Problem



Steel industry has finally clinched substitutes for dwindling Mesabi ore: Labrador, beneficiation, and—now—Venezuela.

One of industry's great postwar problems has been partly solved. Much remains to be done to make the solution work, but the route is now clear.

U. S. industry is built on steel. The steel industry of this country grew up on the high-grade ore of the vast Mesabi range. And the end of Mesabi's high-grade ore is in sight.

So the country came out of the war with a problem: It was using steel as never before—and it had hardly more than 10 years' ready supply of ore to count on firmly.

• **Solution**—Last week, the big final piece was fitted into a three-way program for future ore supply. It came in a surprise announcement—U. S. Steel had struck it rich in Venezuela.

Steelmen this week can relax for the first time in years. The ore they need to keep them going will come from the new Venezuelan field, proved out in 1948; and from beneficiation of Mesabi's limitless low-grade ore, which began to look really practical last year.

Years of hard work, expenses, decisions lie ahead. But it will be 25 years at least before they have to worry about a major source of ore again.

• **For All**—U. S. Steel's discovery of Cerro Bolivar is the biggest boon to the steel industry in this century. It gives Big Steel another tremendous source of ore for its own operation; and it gives other steel companies a potential source, too. U. S. Steel has a traditional policy of sharing its reserves.

• **Problems**—But if you were the manager of a steel company, would you put your faith and your money on (1) Labrador, (2) Venezuela, or (3) beneficiation of low-grade ore? Those are the three main choices. Would you try to bet on two of them? Or, would you strike out in some different direction?

Answers to those questions will decide how steel companies will invest more than \$1-billion in the next five to 10 years. Picking the answers can make or break a company.

• **The Government**—Another fundamental question is this: Should a large

## Where Do They Get Their Ore?

*Principal Sources Only*

**U. S. Steel Corp.**  
**31.3**  
Million Tons Ingot Steel Capacity

**Bethlehem Steel Corp.**  
**14.2**  
Million Tons Ingot Steel Capacity

**Republic Steel Corp.**  
**8.6**  
Million Tons Ingot Steel Capacity

**Jones & Laughlin Steel Corp.**  
**4.8**  
Million Tons Ingot Steel Capacity

### From Company-Owned Mines...

<b>Mesabi</b> AND LAKE SUPERIOR AREA	Has largest reserves in the Mesabi	Produces for self, also buys heavily	Has holdings in Mesabi — Gogebic	On Mesabi, will start on Gogebic
<b>Other U. S. A.</b>	ALABAMA UTAH	PENNSYLVANIA	ALABAMA ADIRONDACKS	ADIRONDACKS
<b>Foreign</b>		CHILE, CUBA, SWEDEN BRAZIL, MEXICO		

### From Ore Companies...

<b>Pickands, Mather &amp; Co.</b> Primarily manages mines owned by Bethlehem and Youngstown		✓	<i>Pickands, Mather is biggest operator on the Gogebic range in Michigan and is in Erie Mining (below).</i>	
<b>Cleveland-Cliffs Iron Co.</b> Biggest operator on Marquette range		✓	✓	✓
<b>M. A. Hanna Co.</b> Second only to U. S. Steel in Lake Superior area holdings	<i>M. A. Hanna, a National Steel affiliate, is the prime mover and minority owner of the Hollinger-Hanna ore development in Labrador (below)</i>			
<b>Oliver Iron Mining Co.</b> U. S. Steel subsidiary, the No. 1 operator on Mesabi range	✓	✓	✓	
<b>Oglebay, Norton &amp; Co.</b> Primarily a management company, directs large operations on Gogebic		✓	<i>Oglebay Norton is management company for Reserve Mining Co., joint venture in processing of low-grade taconite ore (below).</i>	

### And in the future...

<b>Foreign Ore</b>	VENEZUELA	VENEZUELA, CUBA CHILE, MEXICO	LIBERIA LABRADOR	
<b>Low-grade Taconite</b>	Independent operations	Erie Mining	Independent operations	Independent operations

## Things to Remember As You Read the Chart

Ingot steel capacity figures at the top are as of January, 1949.

Other million-ton-a-year ore consumers include: Ford Motor Co., currently using 1.5-million tons, and buying from Hanna, Oliver Iron Mining, Pickands-Mather, Canada, and Brazil; Interlake Iron Co., using 2 million tons a year, getting all of it from its parent company, Pickands-Mather; Inter-

national Harvester, using 1.25-million tons annually, all purchased from Cleveland-Cliffs; Colorado Fuel & Iron Corp., using 1.5-million tons yearly, all from its own mines in Sunrise, Wyo., and Blow-out, Utah.

Holdings under the heading "From Company-Owned Mines" do not always indicate 100% ownership.

portion of remaining high-grade domestic reserves be set aside as a national emergency stockpile—relying more on imported ore in peacetime? Ore boats proved easy targets in the Atlantic during World War II.

Still another question: What role will the government play? Those who look toward Labrador as a future ore source almost certainly will favor the building of the St. Lawrence Seaway. Some people interested in beneficiation of low-grade ore may want RFC financing.

• **Mesabi**—It was not until the end of the second World War that iron ore

National eel Corp. 4.2 illion Tons Ingot Steel Capacity	Youngstown Sheet & Tube Co. 4.1 Million Tons Ingot Steel Capacity	Armco Steel Corp. 3.6 Million Tons Ingot Steel Capacity	Inland Steel Co. 3.4 Million Tons Ingot Steel Capacity	Sharon, Steel Corp. 1.7 Million Tons Ingot Steel Capacity	Wheeling Steel Corp. 1.5 Million Tons Ingot Steel Capacity
Only big source is M. A. Hanna	Mesabi mines	Relatively small Mesabi holdings	Cuyuna, Mesabi, Marquette ore	Only big source is Oliver Mining	Mesabi holdings
↓	✓			↓	
↓		Cleveland-Cliffs is part-owner (with Armco and Wheeling Steel) in Reserve Mining Co. which will process low- grade taconite ore (below).		↓	
✓		✓	✓	↓	✓
✓	✓	✓	✓	✓	✓
		✓			✓
LABRADOR	LABRADOR	LABRADOR	ONTARIO		LABRADOR
	Erie Mining	Reserve Mining, one-third owner	Independent operations		Reserve Mining, one-third owner

began to shape up as a major problem. The Lake Superior region—which includes the famous Mesabi and five other ranges—had seemed limitless until then. In 1948, as in the 50 years preceding, four out of every five tons of ore came from Lake Superior.

Total ore reserves in the upper lakes region are still in big figures. But, at the present 80-million-ton rate of consumption, the high-grade ore, by an educated guess, will not meet the steel industry requirements for more than 10 years.

Even so, total reserves don't mean a thing to a company with lower-than-

average resources. Big Steel is best off—with enough usable ore in sight, probably, for 20 years. If any other company is in that good shape, it is keeping mum about it. Some companies are obviously feeling the pinch already. Two of the first 10 steel producers are picking up ore here, there, and everywhere to keep their blast furnaces going. In five years several more companies will probably be scraping the bottom of their ore piles.

• **Venezuela**—U.S. Steel found ore in Venezuela in 1948. But it was not until Jan. 24, 1950, that John G. Munson, vice-president in charge of raw mate-

rials, drew the curtain aside. He thinks his company's discovery has as much ore as the famous Hull-Rust mine in the Mesabi range. The Venezuelan ore has higher ore content than that in the Mesabi—better than 60%. U.S. Steel has been able to obtain mining rights for 100 years from the Venezuelan government.

The main problem now facing Big Steel is how to get the ore out of Venezuela. Transportation alone will cost \$100-million. The corporation has not yet decided whether to haul the ore across country to a north coast tide-water terminal or to run the railroad

a shorter distance to the Orinoco River.

Bethlehem Steel actually got into Venezuela ahead of Big Steel. But its leased property at Ciudad Bolivar does not match the size of Cerro Bolivar. Bethlehem expects to begin shipping ore by the middle of this year.

• **Labrador**—The other big foreign ore source is in Labrador. Hollinger-Hanna has proved 355-million tons of high-grade ore there—and only a small part of the concession has been fully explored (BW—Sep. 11 '48, p40). Potential tonnage estimates range from a half-billion to a billion tons. Five companies—Republic, Armco, National Steel, Youngstown Sheet & Tube, and Wheeling—have taken an interest in this development, on an option basis.

The iron deposit is 350 miles north of the St. Lawrence River, so a railroad needs to be built first of all. Then an ore fleet will have to move the ore by water—either through the proposed St. Lawrence Seaway or down the St. Lawrence into the Atlantic and back to eastern seaboard ports.

• **Beneficiation**—Three big beneficiation installations are now in prospect. U. S. Steel has already decided to go ahead with one. Its large laboratory at Duluth is working right now on the best methods for recovering the iron content of low-grade Mesabi taconite.

Another venture to process low-grade ore is the Erie Mining Co. It will be operated by Pickands, Mather & Co.—for its own account, and for Bethlehem, Youngstown Sheet & Tube, and Interlake Iron Corp. A pilot plant has already been put in operation.

Reserve Mining Co. is the third big entry in the field. Operator is Oglebay, Norton & Co. Owners are Wheeling, Armco, Montreal Mining Co., and Cleveland-Cliffs Iron. Reserve plans to start out with a unit to handle 24-million tons of ore a year. Eventually it expects to have four such units.

• **Effects**—This huge three-way program seems to solve the problem of ore supply. But you can't change the basic raw material source of a basic industry without producing major effects on the economy of the U. S.

What will be the effect price-wise? Will steel cost more? A definitive answer is not yet available. Some steel and ore people say ore can come from new sources as cheaply as it now comes from Lake Superior. Others say costs are bound to be higher. Estimates of probable increased cost of steel now range as high as \$4 a ton.

What will be the effect on steel mill locations? Offhand, it may seem ideal to have a tidewater mill to handle imported ore. But that is quickly challenged by many in the industry. Nearness to markets and other raw materials are offsetting factors frequently mentioned.

## Fact Finders Get Coal Case

Court order will send miners back to the pits, but Lewis still wants wage, welfare hikes, and—above all—output controls.

There was no longer any question about a national emergency in coal this week.

It had been affirmed in a presidential proclamation, as Harry Truman invoked the Taft-Hartley act for the first time since he blasted it as a bad and unnecessary law in his 1948 campaign. The railroads had started taking advantage of Interstate Commerce Commission permission to seize coal in transit for their own needs. ICC itself ordered the roads to cut passenger service of coal-burning trains by 50% of their Dec. 1 mileage. And the emergency was confirmed by John L. Lewis, whose miners went from a 3-day to a no-day week when the President declared that dwindling coal stocks imperiled the national health and safety.

• **Mines Shut**—All this week, with the T-H fact-finding board going through its pro-forma proceedings in Washington, no bituminous coal was mined in union diggings. By next week, the nation's above-ground fuel supply will be shorter than anyone can remember. When will it get back to something approaching normal proportions?

There is little doubt in Washington that the machinery of the Taft-Hartley act can get the miners back into the pits. The fact finders will wind up their work over the weekend. This, following the presidential proclamation, will complete the second legal requirement.

• **Injunction**—By Tuesday, the Administration will be in court with a request for an injunction against Lewis and his

union. Barring unexpected developments, the miners will be back on the job, under a court order, by Monday, February 20. The order will hold them there for 80 days.

But Lewis has already raised a serious question about output under such circumstances. He wrote Truman that, if his union is forced to work under judicial writ, the operators may not get "enthusiastic service from grateful men." Coal producers don't take these ominous words lightly. They are already predicting that normal production will be sabotaged.

• **The Issues**—Three issues remain unresolved after 11 months of negotiations and strikes.

• **Wages**—Lewis wants a 95¢ a day pay boost which would lift the daily wage from its present \$14.05 to \$15.00;

• **Welfare fund payments**—Lewis wants the operators to raise their per ton royalty contribution to the miners' retirement and welfare fund to 35¢, from its present 20¢; and

• **Freedom to walk out**—Lewis wants to retain in any new contract the "willing and able" clause which gives his union the right to work or not to work as it sees fit.

All seem agreed that the coal supply outlook will not clear until these issues are settled. The injunction won't dispose of them unless it can get either Lewis or the operators to back down from positions which have so far made agreement impossible.

Should the differences outlive the 80-day injunction, Washington looks for Truman to act on what he says is his constitutional power to seize the mines and operate them as federal property.

• **Control Plan Needed**—Those who have talked with both Lewis and the operators think that wage and welfare payment issues can be settled. But the "willing and able" clause is another story. The operators feel they must get rid of it or their production schedule will be no surer than the whims of Lewis. The union, on the other hand, says the only way to stabilize the industry and miners' jobs is to set up some kind of system to control overproduction. And the industry has known the union view for more than a year (BW—Oct. 16 '49, p110). But so far coal producers have failed to suggest any alternative to Lewis' "control by strike" proposal.

Until they do—or until they or Lewis gives in—any resumption of coal production will be at best an armistice in the coal cold war.



FACT-FINDER CHAIRMAN David Cole. The next step is up to his board.





Aircraft makers like Chance Vought are moving inland from both coasts as . . .

## Military Presses for Dispersal

Defense Dept. won't come out in the open for moving plants to the interior. It says it only wants new ones spread out. But many contracts are going to plants located inland.

The Dept. of Defense is against moving plants inland from coastal areas—at least that's what it says. Official policy is: Don't move any plants, but when you build new ones spread them out so they won't be too near other potential defense plants.

But there's growing feeling in Washington that unofficial policy is for moving plants inland. It wouldn't be politically smart for defense planners to antagonize coast votes in Congress with an open policy for inland dispersal. So chances are that all you will hear from the military is spread-them-out talk.

• **Solid Evidence**—But there is solid evidence that Air Force and Navy planners have "stimulated" aviation manufacturers to move inland by assigning contracts to inland plants.

And there's reason to believe that as soon as Senators and Representatives from coastal areas relax their pressure, moving plants to the central U.S. will be resumed.

Boeing Airplane Co. is the most often cited case in which Air Force pressure has resulted in inland plant location. Boeing has a Wichita plant in addition to its main plant at Seattle. Most of the Wichita plant was closed after World War II, but was later reopened when production of the new B-47 Stratojet bomber was assigned to Wichita.

The B-50 bomber, still being made at Seattle, will probably be the last big combat plane built there. When the B-54 goes into production, it may be built either at Wichita, or at some other mid-continent plant, most likely at Fort Worth. There it could follow the Consolidated Vultee B-36 bomber down the production line when the B-36 finishes its production run.

• **Plenty of Cases**—The fact that the B-36 is being built at Fort Worth instead of at Consolidated Vultee's parent plant at San Diego is in itself another indication of the inland dispersal policy. And there are other similar cases:

**Chance Vought Aircraft Division** of United Aircraft Corp. agreed to move about a year ago from Stratford, Conn., to a wartime plant near Dallas, which North American had operated during the war (BW—Aug. 14 '48, p. 24).

**Westinghouse Electric**, principal manufacturer of Navy jet engines, is opening a new turbojet engine plant at Kansas City, in buildings occupied during the war by Pratt & Whitney Division of United Aircraft.

**General Electric**, one of the two major air force jet engine contractors, is heavily subcontracting its production. The subcontracted parts and subassemblies are brought together at the Lockland (Ohio) plant near Cincinnati.

**Lockheed Aircraft**, which stayed at

Burbank, Calif., during World War II, and which has a big share of Air Force contracts, has been asked to move part of its production to government plants at either Tulsa or Omaha. So say Washington sources. But Lockheed has resisted the pressure, says it will not move.

• **Pressure Groups**—Mid-Continent Industrial Council, a group of business leaders of the central U.S., has been formed to support relocation of industrial plants in the interior. Mid-Continent urges that all key plants and military installations—and even the capital of the U.S.—be dispersed into the central states, leaving coastal areas as "a fortifying land mass" in case of attack.

Combating this group is another regional organization—All-America Defense Assn.—organized in protest against shift of Boeing's Air Force contracts from Seattle to Wichita. Northwesterners were also aggrieved by the Air Force decision to locate its big, new \$1-billion air engineering development center in Tennessee instead of in eastern Washington.

• **AADA Program**—AADA is urging establishment of adequate defense for the west, north, and east border areas of the continent. Some AADA members charge that the Mid-Continent Industrial Council has an "in" with the Administration and brought about many of the plant shifts.

Sen. Magnuson (Wash.) has lined up nearly 200 congressmen from both Houses to back AADA objectives, reports from Capitol Hill say. Meanwhile, the Midwest group is also mustering forces in Senate and House for a rousing sectional political battle.

## TURNING THEM OUT FAST

Cars are rolling off the assembly lines at record rates for this time of year. Big present—and prospective—demand is one reason.

Last week the auto industry built 127,656 vehicles, compared with 102,981 in the same week last year.

The record was all the more impressive because it was made without the help of Chrysler Corp., which makes about one out of every five cars built in the U.S. Chrysler has been closed by a strike, although it was running full-blast at this time a year ago.

The current high output rate looks as though it will last for some time. Ford has rescheduled operations for the first half of the year, plans to turn out somewhere near 1-million units by the end of June.

GM built 275,852 cars and trucks in its plants during January. Its average monthly rate last year was only 230,933. GM's high output rate now will be a boon if any labor trouble develops when its contract with United Auto Workers (CIO) expires in the spring.



# Potato Hash

Price support for 1949 spuds will cost \$80-million-plus. Brannan figures glut makes his plan look better.

Many a friend of the farmer wishes the potato would go back to Ireland where it came from.

The lowly spud looms once again as the unhappy symbol of the wonderland of farm price supports.

• **Full Circle**—This week Dept. of Agriculture agents are busily making sure that some 40-million bu. of late-crop Irish potatoes are rendered unfit for human consumption. The growers—mainly in Maine, Long Island, New York, and Pennsylvania—lately got \$45-million from the government for growing them. Now the government is giving the spuds back to the farmers at a penny per 100 lb. to use for livestock feed—or to plow back into the ground as fertilizer (which helps out next year's potato crop).

• **\$20-Million Saved**—Believe it or not, all this saves money for you, the taxpayer. By letting farmers plow the potatoes back or feed them to their hogs, Brannan is saving you the \$20-million in freight it would cost to move them to a reluctant user. So, instead of \$100-million, 1949's potato support program may end up totaling only \$80-million.

• **O.K. by Brannan**—Brannan isn't too unhappy about the spud hullabaloo, however. Spuds are handing a big black eye to the present buy-and-store, support-the-market-price method of maintaining farm income. Alongside such a performance, Brannan figures, his plan keeps looking better and better.

Brannan's plan would let the price of spuds and other perishables fall to levels dictated by market supply and consumer demand. The government would then pay the farmer enough to bring his return to the support level fixed by law. His program calls for strict production controls. Farmers who didn't observe them would lose out on the payments.

• **The Big Bill**—Spuds aren't the only item that has Commodity Credit Corp. in a continual state of crisis, of course. Lumping together dollars paid out for inventory of storable and perishable commodities and committed in loans to farmers on price support crops, here's what was tied up in major crops at year's end (grand total for all crops, roughly \$3.6 billion):

Wheat .....	\$995 million
Cotton .....	954 "
Corn .....	712 "
Tobacco .....	367 "
Other .....	417 "

The "other" figure covers a tidy glut of perishable commodities that the department is going to sell below cost—or give away, if it has to.

Such a bill is nothing new: Potato price supports cost us \$91-million in 1946, \$40-million in 1947, and \$224-million in 1948.

• **Give, Give**—Look for more give-away programs—all brought out by Brannan in a way calculated to spotlight weaknesses of the present support program, and help out acceptance of his own.

## Freight-Car Builders' Business Picks Up

The freight-car-building industry has been on a siding, productionwise, since last fall. But this week it has the green light and is moving back onto the main line.

• **New Business**—Orders for new freight cars threw the switch. In 1949 the order books had been slimmer than in any year since 1933—the railroads ordered a total of only 9,188 freight cars. In the first five weeks of 1950, the roads have ordered just about the same number.

Despite the lack of orders, the car builders started 1949 with a backlog of 103,896 freight-car orders—the tail end of a postwar buying spree by railroads.

• **Silence**—But as the months dragged on in silence, the builders got more and more jittery. Not only were orders all but nonexistent, even inquiries from the roads were as rare as wood-burning locomotives. Result: As of Jan. 1, 1950, the car builders were left with a pathetic little backlog of 3,760 cars. (Even the railroads' own shops were better off than that—they had a backlog of 8,276 new cars to build themselves.)

The situation began to bite hard last fall. As back orders were filled, plants shut down and unemployment went up. Pressed Steel Car Co. closed two big plants tight. Pullman-Standard Car Mfg. Co. had an employment drop to one-sixth of normal in its three freight-car building plants.

• **Optimism**—Dismal as the outlook was, the car builders finished last year with an optimism remarkable for a depression-ridden industry. As the industry saw it, the railroads would have to start ordering cars soon.

• **More Orders Due**—The total number of orders received so far will by no means put the car builders into capacity production. But at least they will reopen a lot of closed plants and keep the industry busy for several months. Moreover, it's almost certain that many more orders will come in. The New York Central is known to be considering placing a large order, for one thing.

## New "Small" Prop

Sen. O'Mahoney's cure for small-business ills: capital banks, privately financed, with earnings taxfree for 15 years.

Washington produced another candidate for the title of patron saint of small business this week. Sen. Joseph C. O'Mahoney, of Wyoming, is getting into the competition with a bill to set up a nationwide system of capital banks that would furnish money to small companies.

O'Mahoney's contribution is bound to trouble the political waters (page 15). His proposal is designed as a substitute for the bill already introduced by Sen. Scott Lucas, who wants to enlarge and liberalize the business-lending powers of the Reconstruction Finance Corp. It's also intended to steal some of the thunder from President Truman's own program of small business aid.

• **Differences**—O'Mahoney's new system would have two distinguishing features:

(1) The banks would be financed—and to a considerable extent managed—by private enterprise.

(2) They would pay no taxes on their earnings for 15 years. (But any dividends that they paid would be taxable to the stockholders as regular income.)

The scheme calls for the establishment of 36 capital banks—one in each city with a Federal Reserve Bank or branch of a Reserve Bank. Commercial banks and the Reserve Banks would be allowed to buy stock in the new institutions up to 1% of their own capital and surplus. But if all went well, at least part of the money would come from individual investors, insurance companies, and corporations.

• **Powers**—As soon as one of the new capital banks has raised \$1-million, it would start operating. It would have authority to make loans to "small and independent" business. Or it could buy their equity securities. The Federal Reserve Board, with the advice of the Secretary of Commerce, would set the standards of eligibility and define "small and independent."

The capital banks could also insure loans—up to \$10,000—made by local commercial banks. Insurance would be limited to 95% and a 5-year term. Only 10% of any commercial bank's total loan portfolio would be insurable.

The capital banks could buy any amount of securities from an eligible company—up to 20% of the bank's own capitalization. Neither the securities that they bought nor any that they might issue themselves would be subject to regulation by the Securities & Exchange Commission.

# Joe Doakes: In Hock for \$18.8-Billion

Consumers probably are paying off their debts now at a record rate. Or, if they aren't, credit men must be having some anxious moments. For consumers bought themselves into debt as never before late in 1949.

**In dollar terms**, here's the way the debt piled up: Consumers pledged \$1,551,000,000 of future income to buy things in November and December (in excess of repayments on old loans). That was more than double the debt they took on in the same two months the year before; the only borrowing spree that came close to matching it was the \$1,350,000,000 rise in consumer debt in the last two months of 1947.

**In personal terms**, here's a rough picture of the same thing: Joe Doakes and the Missus were furnishing one of those thousands of new homes finished late in 1949. Furniture, and a TV set, on easy monthly payments, looked like a good deal. Besides, they wanted to make it a Merry Christmas for themselves and the kiddies; stores cooperated and cheerfully charged the Christmas gifts.

And Joe wasn't much worried about where the money was coming from to pay off a good part of this new debt. As a GI, he could count on an insurance dividend check from Uncle Sam sometime in February or March to help with the payments.

• **Where Gain Came**—Although autos carried the credit load during the early part of the year, they weren't the big factor in December. The Christmas-month credit gain came close to \$1-billion; autos made up only \$64-million of it. For the year as a whole, though, autos led the field with an average rise of \$100-million a month in installment sales. This brought debt on autos to \$3,150,000,000, a new record.

The big gains in December came in (1) installment sales other than autos (a rise of \$316-million against \$179-million a year earlier), and (2) charge account credit (a jump of \$455-million against \$397-million in 1949).

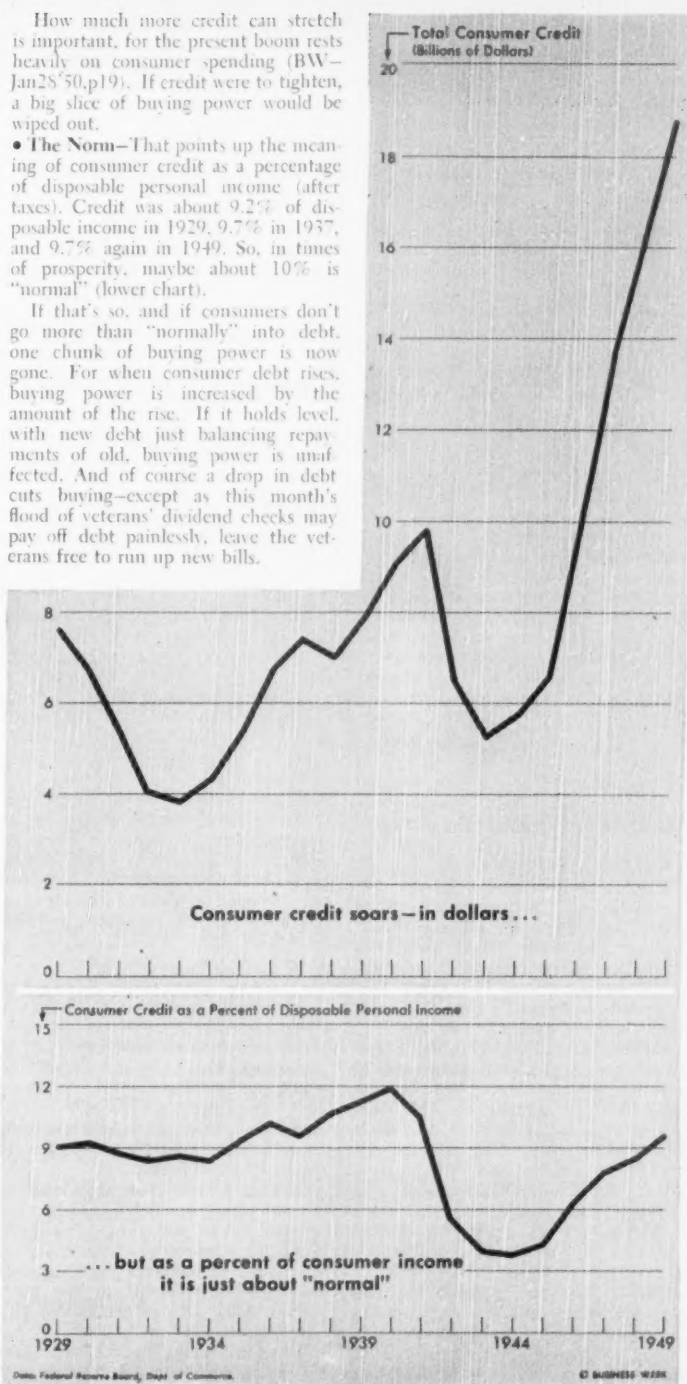
By the end of the year, total consumer credit had climbed by just short of \$24-billion. Nearly half of that was on automobiles. The rise carried total consumer credit to a record, just under \$18.8-billion (upper chart).

• **How Much Is Too Much?**—This whopping figure has economists scratching their heads and wondering just how much credit consumers can support. And it is leading credit men's associations, the country over, to warn members to keep a more-than-ever-alert eye on collections—no matter how hard salesmen may be pushing for easy terms.

How much more credit can stretch is important, for the present boom rests heavily on consumer spending (BW—Jan 28 '50, p. 19). If credit were to tighten, a big slice of buying power would be wiped out.

• **The Norm**—That points up the meaning of consumer credit as a percentage of disposable personal income (after taxes). Credit was about 9.2% of disposable income in 1929, 9.7% in 1937, and 9.7% again in 1949. So, in times of prosperity, maybe about 10% is "normal" (lower chart).

If that's so, and if consumers don't go more than "normally" into debt, one chunk of buying power is now gone. For when consumer debt rises, buying power is increased by the amount of the rise. If it holds level, with new debt just balancing repayments of old, buying power is unaffected. And of course a drop in debt cuts buying—except as this month's flood of veterans' dividend checks may pay off debt painlessly, leave the veterans free to run up new bills.



# Counting Noses—and Business

- Population is up 22-million in 10 years—to about 152-million.
- Boom towns like Norfolk, San Francisco, San Antonio have grown more than 30%.
- Child-bearing-age families have 23% more kids under five.
- Per capita income is up from \$530 to \$1,300 in 10 years.
- Census bureau is pretty sure of things like this, but the 1950 census will prove them and—more important—will pin them down to a usable county-by-county and town-by-town basis.

Of all the "aids to business" to come out of Washington this year, at least one will be useful to every businessman smart enough to use it.

That's the 1950 census.

With the results of the count, businessmen—from the local druggist or department store manager to the big wheels of Sears, Roebuck, General Electric, and U.S. Steel—will learn how their markets have grown or shrunk.

The final figures will show—broken down by states, cities, counties, and smaller areas—how many people live where, how much income they have, how the number of families has grown and where, how many oldsters and youngsters we now have and where they're living, what kind of education our people have had, what kind of jobs they hold, how many have been married more than once . . . and scores of other measurements. The information will cost \$85-million.

## I. A Changing Nation

Beginning Apr. 1, about 140,000 census takers will start knocking on doors, will wind up the job in two to four weeks. Census officials aren't predicting the outcome—but you can get a rough idea from sample surveys.

**Population.** Total population will be about 152-million—an increase of 22-million since 1940. There have been 32-million babies born in the decade, while deaths came to 10-million.

Questions: Are you getting that much more business than 10 years ago?

**Cities.** The vast war motivated migrations have swept a great many cities to new size and importance. Norfolk-Newport News, for instance, has 40% more people than it had in 1940. San Francisco-Oakland is up 39%, Los Angeles up 35%, Seattle and Washington, D. C., up 33%, and San Antonio and Portland, Ore., up 31%.

**Marriages.** The number of families in the U.S. has increased since 1940 by 6.3-million, to about 38.5-million.

Result: tremendous bonus for businesses that sell to the young marrieds. There were about 3.5 million more marriages during the period 1940-1950 than were indicated by the long-time trends. (Also, a million more divorces.)

One well publicized result: a 23% increase in the number of children under five years of age in families where the wife is of child-bearing age.

There's an unexpected and outside market for products used by families (TV sets, housing, appliances) as contrasted with products for individuals.

**Dollars.** Ten years ago average per capita income was about \$530; in 1950 the figure will be close to \$1300. Even with the reduced purchasing power of the dollar, this represents a 40% increase in real purchasing power.

**Sex.** For the first time, the census count will show that females outnumber males by about a million. Back in 1912, males had a majority of 2.7-million—the result of waves of immigration.

**Farm population.** Still going down. In 1940, farmers numbered about 30.5-million. The war drew farm folk into the services or into the cities for war jobs, leaving an estimated 25.2-million on the farms in 1945. By 1947, farm people were back to about 28.8-million—but the long trend to the cities has set in again.

**Negroes.** One of the big migrations of the 1940's was the movement of Negroes from the southern farms to southern cities, and from the South generally to the North and West. Result: Negro population outside the South will be 50% more than in 1940.

## II. The Pay Dirt

The breakdown of these totals, of course, is where the pay dirt lies. Accurate figures on all these facets of the population will be given for all the counties, townships, cities, villages—even "unincorporated places." In the large cities, there's a similar breakdown for each "census tract"—an area averaging about 6,000 people.

**Housing Census.** For people selling to home and apartment owners, the housing census will turn out a huge range of information: how many of what kinds of buildings there are; how many people live in them, the water supply, toilet facilities, baths—and how many are vacant.

For bankers and building and loan officials: What's the value of the property and how much is mortgaged.

For the power and fuel industries: How many homes are using electricity, gas, coal, oil—and how much do they spend for these items.

For the appliance industry: What kind of fuel is used for cooking and heating; how many have refrigerators, sinks, electric lights, radios, and television receivers.

## Centsless Bookkeeping Saves Dravo Money

For most purposes, round dollar amounts are all that any businessman needs to know. Keeping track of the cents adds two extra digits to every figure, clutters up the adding machines, increases danger of error.

• **No Cents.**—The latest and most enthusiastic assault on the decimal is coming from Dravo Corp., of Pittsburgh. Six months ago, Dravo set up an accounting system that Auditor L. F. Adams calls "penny elimination." Some of the company officers have another name for it—"centsless accounting."

This week, after the year-end closing of the books, Adams figures that it has cut the accounting payroll 9%.

There's nothing really new about Dravo's approach. Bethlehem Steel adopted the same system over 20 years ago and has been living happily with it ever since. But Dravo is still full of the missionary spirit.

• **Rounding Off.**—The fundamental idea of penny-elimination accounting is as simple as counting on your fingers. You round figures to the nearest dollar. (If you have a number ending in exactly 50¢, round it to the nearest even dollar.)

In Dravo's case, the average bookkeeping entry in dollars and cents runs to five figures. Dropping the cents cuts it to three digits, lopping off 40% of the bookkeeper's work.

• **The Trick of It.**—In theory, that's fine. But in practice, there are plenty of hitches. Dravo does a varied line of business, ranging from heavy construction on contract to manufacture of industrial equipment. For purposes of internal control the books have to be kept balanced in the best double-entry tradition. And to keep banks and suppliers happy, cash accounts and payments have to figure out to the penny.

The trick, as Dravo sees it, is to keep a few key accounts on a dollars-and-cents basis, put everything else into rounded dollars. To make everything balance out, the company carries a "penny elimination" account. Any variance between the rounded accounts and the dollars-and-cents accounts is charged up to penny elimination.

After five months of operations, Dravo had a total variance of only \$233.27 to charge off.



# **KEY MAN** *at Sinclair...*

*...BECAUSE Sinclair's "Navy" carries more than 52 million barrels of crude oil and refined products a year*

Yes, the master of an ocean-going tanker is indeed a key man at Sinclair.

Tankships are the most economical and most efficient method of transporting in bulk oil and its products. Some of the tankers in the Sinclair fleet can carry and deliver as much as 200,000 barrels (almost  $8\frac{1}{2}$  million gallons) in one cargo—equal to a train of railroad tank cars over six miles long.

Sinclair's vast transportation network—which also includes the longest company-owned pipeline

system in the world, more railroad tank cars than are operated by any other oil company and thousands of oil trucks—is another reason why Sinclair is "A Great Name in Oil."

**SINCLAIR OIL**  
CORPORATION

630 Fifth Avenue • New York 20, N. Y.

**SINCLAIR—A Great Name in Oil**





When is  $2 \times 4$   
faster than 8?

Look at the key tops of an old key-drive machine and you'll find 1-5 well worn, 6-9 comparatively unused! By keeping flying fingers *below* the 6-key, operators eliminate clumsy, slow reaches—and striking the 4-key twice is actually faster than reaching for the 8.

#### Subtracting Idle Keys Adds Efficiency and Economy

This unique Plus Part-Keyboard machine is especially designed to provide only the keys needed for rapid touch adding. Therefore, Plus Part-Keyboard machines cost less, yet give you "big machine" quality and durability.

All this  
For only \$100. up

Plus saves you \$75 to \$200 per machine—sells for as low as \$100, brand new and fully guaranteed. Proved by 13 years' successful service in leading department stores, accountancy firms, commercial and industrial offices. Plus Full-Keyboard machines available, too, unequaled for fast division and multiplication as well as addition and subtraction.

Before you buy any adding-computing machines be sure to try Plus!



To sum it up... your best buy is **PLUS**

## PLUS COMPUTING MACHINES, Inc.

37 Murray Street, New York 7, N. Y.

Subsidiary of Bell Punch Company • Est. 1878

IN CANADA: PLUS BUSINESS MACHINES, TORONTO

WILSON BUSINESS MACHINES, LTD., WINNIPEG

#### MAIL THIS COUPON

it may save  
you many  
dollars

**PLUS**

Plus Computing Machines, Inc.,  
Dept. 250, 37 Murray Street, New York 7, N. Y.

Please send me, free, descriptive booklet.

NAME.....  
COMPANY.....  
STREET.....  
CITY..... STATE.....

## BUSINESS BRIEFS

**Waltham Watch** shut up shop for the second time in a little over a year. Immediate cause: refusal by RFC to let it use as working capital a pending \$2-million loan for new equipment.

**Du Pont's office furniture** (BW—Nov. 12 '49, p. 22) will be made by seven manufacturers under royalty-free license from the chemical company. The modular furniture is designed so that it makes private stalls in a bull pen.

**Rubber resignations:** Frank A. Sciberling, founder of Goodyear and Sciberling Rubber, finally quit at 90 as chairman and director of Sciberling. At the same time, one of rubber's youngest top executives, 32-year-old John O'Neil, resigned as treasurer and director of General Tire to study for the Catholic priesthood.

**First turbo-prop transport** in the U.S. will be developed by General Motors' Allison Division. Allison has bought a Convair-Liner from Consolidated Vultee, plans to have it converted by summer.

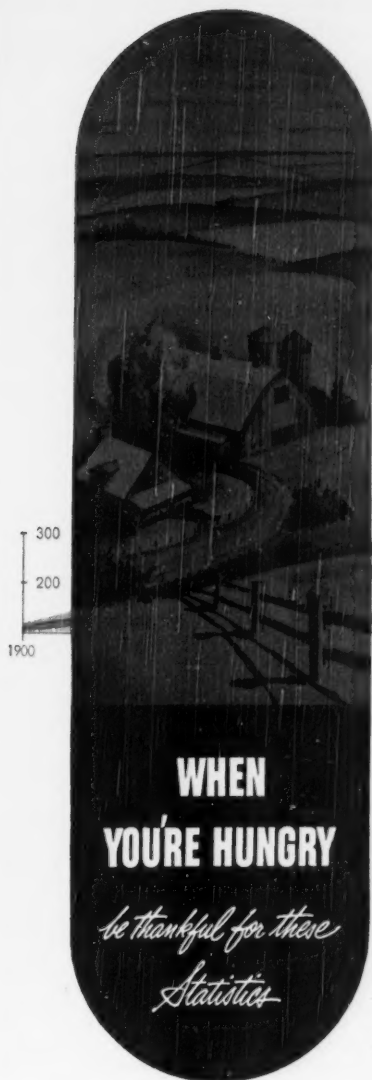
**Western Electric** pulled out of broadcasting equipment, the company says, to concentrate on production for the Bell System. A new concern, Standard Electronics Corp., which will distribute through Graybar, takes its place.

**New plants** in the Chicago area have Carnegie-Illinois starting a 15-month improvement program at its Gary (Ind.) works. Target: a boost of 200,000 tons a year in output of cold-reduced sheet. Hotpoint's Chicago refrigerator plant (BW—Feb. 4 '50, p. 20) and Budd's new auto-body-parts plant at Gary will both be big sheet users.

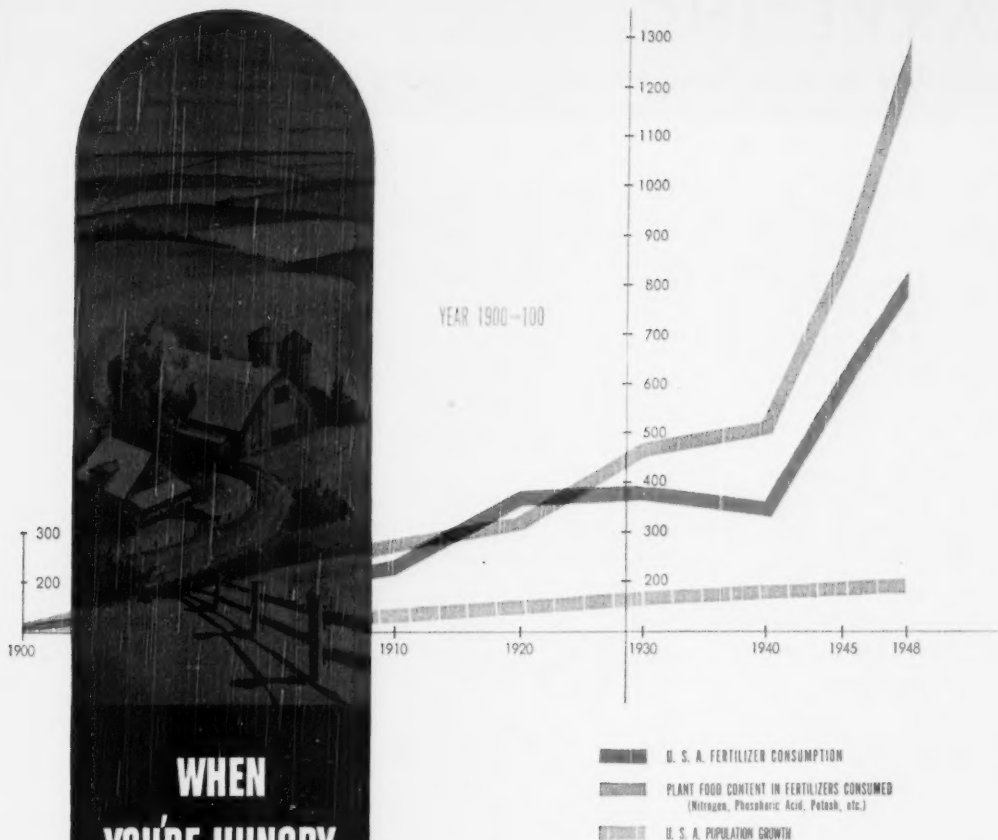
**Lustron maneuvering** now involves a Cleveland lawyer, Frank Celeste. He's trying to drum up support from RFC and from Republic Steel and other Ohio companies for a reorganization that would take Lustron into rental housing. Celeste says a real estate company is already interested, and that the Society for Savings, Cleveland, likes his plan. RFC's comment: "Something could result from this."

**Take your pick:** Neither company asking the Civil Aeronautics Board for permission to start helicopter service in New York is missing any bets: New York Airways is represented by James M. Landis, former CAB chairman; Air Commuting's man is L. Welch Pogue, also a onetime chairman of CAB.





YEAR 1900-100



U. S. A. FERTILIZER CONSUMPTION  
 PLANT FOOD CONTENT IN FERTILIZERS CONSUMED  
 (Nitrogen, Phosphoric Acid, Potash, etc.)  
 U. S. A. POPULATION GROWTH

You enjoy an abundance of fine quality, nourishing food because of the rapidly increasing use of plant foods.

As our expanding population and higher standard of living have created a larger national need for good food, the farmer has been able to step up crop production to satisfy our appetite. He has done this by using more fertilizer and by using fertilizers with higher plant food content. The charted figures show the phenomenal increase in fertilizer consumption and the even larger increase in plant food content of the fertilizers used.

Fertilizer serves the farmer well. It increases productivity of the soil and helps prevent erosion. Gives plants a vigorous start and hastens maturity. Nourishes healthy plant growth. Improves quality and yield of crops. Reduces farmer's cost per acre yield.

International has been producing quality fertilizers for more than forty years. Now its twenty-six manufacturing plants serve farmers from Maine to Texas, from Florida to the Dakotas. Three of the important plant food materials used in complete fertilizers are also produced by International—Phosphate, Potash and Sulfate of Potash-Magnesia.

More Farmers  
 than ever before  
 are using International Fertilizers



INTERNATIONAL MINERALS & CHEMICAL CORPORATION

GENERAL OFFICES: 20 NORTH WACKER DRIVE, CHICAGO 6

# MARKETING

## Box Score for Advertising Media: '49 vs. '48

	1949	1948	% Change In Revenue
<b>Magazines' Revenue</b>			
Weeklies, semiweeklies	\$213,427,046	\$223,928,088	- 5
Women's	82,441,622	84,344,163	- 2
Home service	32,706,165	32,501,539	+ 1
Farm	28,380,458	28,684,523	- 1
All other	83,839,751	89,218,826	- 6
Total	\$440,795,042	\$458,677,139	- 4
<b>Network Radio Revenue</b>			
American Broadcasting Co.	\$42,342,854	\$44,304,245	- 5
Columbia Broadcasting System	63,403,583	62,265,105	+ 2
Mutual Broadcasting System	18,040,596	22,728,802	-21
National Broadcasting Co.	64,013,296	69,697,590	- 8
Total	\$187,800,329	\$198,995,742	- 6
<b>Network Television Revenue</b>			
American Broadcasting Co.	\$1,391,991	Not Available	
Columbia Broadcasting System	3,446,893	Not Available	
Du Mont Television Network	955,525	Not Available	
National Broadcasting Co.	6,500,104	Not Available	
Total	\$12,294,513		
<b>Non-Network Radio and Television Revenue</b>			
National Spot Radio	\$160,000,000	\$142,044,000	+13
Regional Network Radio	10,100,000	8,900,000	+13
National Spot TV	8,600,000	Not Available	
Total	\$178,700,000		
<b>Industrial, Trade, Export, and Class Papers' Pages of Space</b>			
Industrial	198,906	213,994	- 7
Trade	68,231	76,128	-10
Export	13,535	15,350	-12
Class	26,675	28,577	- 7
Total	307,347	334,049	- 8
<b>Newspaper Linage (52 Cities)</b>			
General	354,781,475	338,641,008	+ 5
Automotive	105,484,794	82,736,973	+28
Total	460,266,269	421,377,981	+ 9

Figures on magazines, network radio, and network television from Publishers' Information Bureau are based on one-time card rates, as are Broadcasting Magazine's estimates of non-network radio and television time sales. Figures on industrial, trade, export, and class papers are from Industrial Marketing; those on newspapers are from Media Records. Sunday magazine supplements are counted with newspapers.

## 1950 Looks Rosy for Admen

TV, hard goods, antihistamines should be increasing ad schedules. And auto lineage should give a good boost to newspapers, if car production stays up to 1949 level.

Now that the results of the 1949 national advertising race are in, the handicappers up and down Manhattan's agency row are trying to figure this year's race.

Almost all agree it's going to be a good year—equal to 1949, maybe better. And 1949 wasn't bad at all.

The reason 1950 looks so rosy is simple: Advertising volume usually follows sales curves up and down. So,

because the last half of 1949 was good sales-wise, and the first half of 1950 looks solid, advertising should be big.

• **Papers, Spot Radio Tops**—Last year newspapers and spot radio were best off when the final count was made. National lineage in newspapers was up 9%. Big reason: Automotive newspaper advertising increased 27.5% over 1948.

Spot radio—national radio advertising on a non-network basis—posted an

impressive gain of 13% over the preceding year.

There aren't any really reliable figures to measure just how much the wonder medium, television, gained over 1948. Last year was the first that Publishers' Information Bureau collected data from the networks on their TV operations. It's a cinch, though, that 1949's increase over 1948 was whopping.

Take American Broadcasting Co., for example. ABC sold \$6,273 worth of TV network time in January, 1949. But by December, the monthly take had hit \$219,337.

• **Magazines, Networks Lag**—Magazines slipped a little in 1949, after four years when their gross space sales set four successive records.

Network radio was another loser. Its sales of time were off 6% from 1948.

• **Diagnosis**—Here's how one advertising executive explains the cross currents in last year's score:

Advertisers entered 1949 with a fair amount of confidence; but then they got worried in the second half of the year.

As a result, they weren't anxious to sign up for too much long-term advertising. They became hesitant about buying network radio shows, which are customarily bought in cycles of 13 weeks. Likewise, they held back on putting advertising into magazines with closing dates a long time before the issue appeared. They didn't want many long-term, expensive commitments, in case business went to pieces and they had to start slashing expenses.

As the year wore on, they began to get some of the old confidence back. So they started splashing the ads around wherever they could get space or time. Again they bypassed big radio shows and early-closing magazines because they were in a hurry. For many of them, that meant pouring the dollars into spot radio and newspapers.

• **Other Factors Figure**—Not everyone, of course, agrees with this theory. A lot of admen feel that the 1949 figures were more likely the result of deliberate media selection. And a few think that when products began getting tough to sell in 1949, advertisers decided that maybe they hadn't been making the best possible choices of media. So they began to monkey around with their ad schedules, trying different kinds of advertising to see if that would give sales a shot in the arm.

In making a forecast for 1950, agency men are unanimous in putting TV at the top of the list for big gains. Beyond that, they're not so certain.

• **Big Year for Papers**—Most admen predict another year of big gains for newspapers. And a lot of the increase, as in the past, will come from automobile advertising. Traditionally, the amount of automobile advertising is

*They retained*

## STONE & WEBSTER ENGINEERING

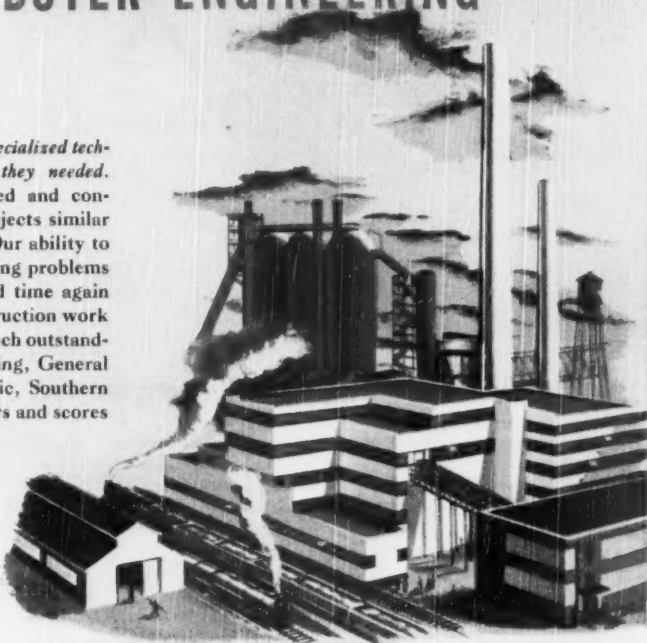
*because...*



... we had the specialized technical experience they needed.

We had designed and constructed a number of projects similar to the one they were planning. Our ability to handle highly technical engineering problems had been demonstrated time and time again ... Our recent design and construction work included important projects for such outstanding companies as Curtis Publishing, General Electric, Pacific Gas and Electric, Southern California Edison, Lever Brothers and scores of others.

They knew that in Stone & Webster they had a firm that could handle the complete job, from the preliminary design to the final construction.



**THE PLUS FACTOR.** Later these men realized that the association involved a substantial *plus factor*.

Over a period of years they had required other services which Stone & Webster could provide through its Securities and Service Corporations: assistance, on refinancing, and technical advice on business operation and management. The relationship with Stone & Webster would permit the meeting of similar needs in the future with the aid of a highly trained staff which, through its engineering associates, would have an invaluable working knowledge of plant and business.

They realized that these other divisions of Stone

& Webster might never be used and that there was no obligation to employ them. But the combination of these services under one roof gave assurance that a particular service could be provided when needed—quickly and efficiently.

\* \* \*

If you have a construction problem or need engineering assistance, why not arrange an interview with our executives? An informal discussion will cost you nothing and may lead to a continuing association, both congenial and advantageous.

# STONE & WEBSTER, *incorporated*



STONE & WEBSTER ENGINEERING CORPORATION

E. B. BADGER & SONS COMPANY

STONE & WEBSTER SERVICE CORPORATION

STONE & WEBSTER SECURITIES CORPORATION

90 BROAD STREET • NEW YORK 4, N. Y.

# how to multiply a "hand"



## ...with the aid of BORG-WARNER engineering

Take one experienced farm-hand, give him a modern combine, and turn him loose in the field. Result: the work-equivalent of many "hands" in harvesting tremendous acreages of grain crops.

Often operating under tough conditions, a combine's essential parts take a lot of punishment. This presented a special problem in finding a suitable flexible coupling for the shaft between the transmission and differential.

The answer was found in the Morse Morflex Coupling engineered and produced by Borg-Warner's Morse Chain Division. Meeting the most

exacting requirements, the Morflex Coupling is torsionally flexible, quiet, compact; able to withstand the grit, chaff and moisture encountered in operation; unfailingly dependable in service.

Like all B-W products, the Morse Morflex Coupling is the result of skilled engineering and precision production—a typical example of how "B-W engineering makes it work . . . B-W production makes it available." Another example of how Borg-Warner serves you and the nation through the automotive, aviation, marine, farm implement, home appliance and other industries.



*Engineering makes it work*



*Production makes it available*



ALMOST EVERY AMERICAN BENEFITS EVERY DAY FROM THE 165 PRODUCTS MADE BY

**BORG-WARNER**

**THESE UNITS FORM BORG-WARNER. Executive Offices, Chicago:**  
 BORG & BECK • BORG-WARNER INTERNATIONAL • BORG-WARNER SERVICE PARTS • CALUMET  
 STEEL • DETROIT GEAR • DETROIT VAPOR STOVE • FRANKLIN STEEL • INGERSOLL STEEL  
 LONG MANUFACTURING • LONG MANUFACTURING CO., LTD. • MARBON • MARVEL-SCHIEBLER  
 CARBURETOR • MECHANICS UNIVERSAL JOINT • MORSE CHAIN • MORSE CHAIN CO., LTD.  
 NORGE • NORGE-HEAT • PESCO PRODUCTS • ROCKFORD CLUTCH • SPRING DIVISION  
 WARNER AUTOMOTIVE PARTS • WARNER GEAR • WARNER GEAR CO., LTD.

geared to the number of cars produced. And auto makers expect to keep on turning out autos at the high 1949 rate, at least for the first half of the year (BW—Feb. 4 '50, p19).

That, in itself, wouldn't increase the total amount of money available for automotive advertising. But some agency men expect the auto companies to increase their per-car advertising allotment this year.

There probably aren't going to be any startling changes in the amount or placement of food, cigarette, drug, and cosmetic advertising.

• **Hard Goods, Too**—Some companies, however, will probably pour out a lot more money this year than last. Advertising executives look for more hard-goods advertising—refrigerators, irons, washers, and other appliances.

Advertising of television sets will probably outstrip them all. Manufacturers are predicting that more than 5-million receivers will be turned out in 1950. And it's even possible that production will outrun the most optimistic manufacturer's predictions.

Antihistamine cold tablets are another product with a Jack-and-the-beanstalk growth rate. The amount of advertising by antihistamine makers is still climbing at a steep rate. And even the coming of summer probably won't stop the cold-pill makers from advertising their wares. They figure the most the warm months can do is bring a slackening in the rate of climb of their advertising curve.

## MARKETING BRIEFS

Total retail sales during December came to \$12.8-billion, the Dept. of Commerce estimates. This was 2.5% under December, 1948. The over-all 1949 total was \$128-billion—only 1.5% less than 1948.

• **Eversharp's libel suit against Pal Blade** and its subsidiary Personna (BW—Dec. 31 '49, p38) has been dismissed by a U.S. district court. But two actions—charging infringement of Eversharp's patents and trademarks for magazine-injection blade dispensers—still pend.

• **Borden** is another company with hopes of producing a frozen milk concentrate soon (BW—Feb. 4 '50, p62). So far it has been able to produce one with all the nutrition of bottled whole milk, but still lacking "the exact taste appeal."

• **No more auto radios** will be made by Zenith Radio, which once had almost 25% of the business. It needs more space for the manufacture of TV sets and decided to drop auto radios rather than build a new plant at today's costs.

# BUSINESS IN MOTION

## *To our Colleagues in American Business ...*

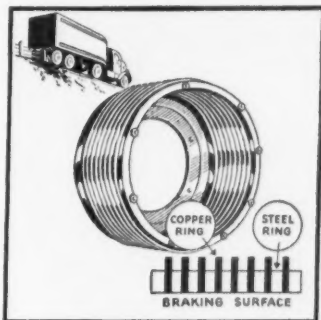
● Safety is something that concerns us all, whether on the road, in the factory, farm, office, home. Hence Revere takes a considerable amount of satisfaction in a new safe brake drum for heavy trucks, entirely aside from the fact that it contains a sizable amount of copper. This new drum is made of alternate rings or segments of steel and copper, bolted or bonded together. The copper segments project on the outside of the drum, forming fins. There is nothing new about fins on brake drums, but making them of copper is new, so far as we are aware. This use of copper is based on the fact that it is an excellent conductor of heat, far superior to steel in that respect. So good is this manner of dissipating heat that it has been said that new reliability has been brought to the braking of heavy vehicles.

On long hard runs, particularly in hilly and mountainous country, braking sometimes is a problem. As the truck driver puts it, "the brakes fade." This is not due to any trouble with the air or hydraulic systems, but to heat. Brakes that have to hold back 10 tons or more on a down grade get very hot indeed, far over the temperature of boiling water. The steel drums expand when heated to such an extent, so that the brake shoes, which were properly adjusted under cool conditions, are now out of adjustment within the heated drums. The brakes "fade", due to the conversion of kinetic energy into heat. Any way of keeping the brakes cool by removing that heat would be a great contribution to safety and truck operating economy, reasoned the inventor of the new drums. He sought Revere's collaboration, made several sets of drums with built-in copper rings, and had them tried out

on routes passing through the Alleghenies, with their steep and winding roads. Truck drivers came back with reports of the best brakes they had ever handled. One swore he would never drive a truck with any other brake drums. Continued experience showed that not only was fading eliminated, but the drums and linings wore much longer, with 100,000 miles the expected minimum. One Western Pennsylvania truck operator reported 110,000 miles, and on the basis of wear, expects the lining to go 150,000 miles, the drums 250,000.

It is surprising how many favorable side effects have been experienced. Drivers say they can go down steep hills in high instead of low, thus lessening wear on differential, transmission and engine. Running schedules are faster. Equipment spends less time in the shop, more time in revenue-producing mileage. All this and more simply by taking advantage of the heat-conductivity of copper in combination with the strength of steel. This copper-cooled drum is one of those "obvious" ideas which make people remark: "Now why didn't I think of that!"

Ideas help keep our country ticking, but nobody seems to know just how to turn them out on a production-line basis. But this much is known about the generation of ideas: contacts with people and problems will help a lot. Right now you may have a problem which one of your suppliers could help you solve. He might find a new use for an old material, or a new material for a new use, or perhaps put two old materials together, as in this brake drum which "gives the driver the brakes." It might pay you to discuss your troubles fully with your suppliers. They will be delighted to collaborate with you.



### REVERE COPPER AND BRASS INCORPORATED

Founded by Paul Revere in 1801

☆☆☆

Executive Offices:

230 Park Avenue, New York 17, N. Y.





## you're in the "Business Blue Book"

Soap, shoes, textiles, razor blades, steel, plastics, chemicals, rubber goods — pick the leaders in each line and you'll find them in Massachusetts — with home plants or in branch operations.

This is the kind of "company you keep" when you locate your business in America's Bay State. You'll share power and prestige with names known the world over when you add the words, "Made in Massachusetts" to your labels or packages.

*the move is on... to*  
**MASSACHUSETTS**  
*because*

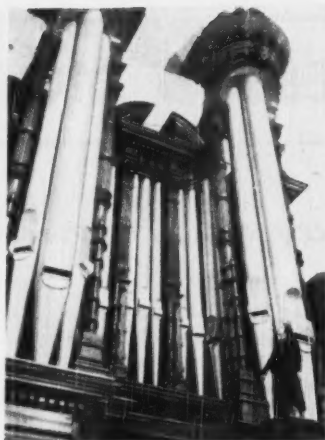
- ✓ LABOR IS SKILLED AND PLENTIFUL
- ✓ MAJOR MARKETS ARE CLOSEST
- ✓ RESEARCH FACILITIES ARE FINEST



An illustrated book gives the facts on Massachusetts. The color film, "Make It in Massachusetts", is available to interested executives.



WRITE TO... Massachusetts Development and Industrial Commission, Room 102B, State House, Boston 33, Massachusetts



**CHURCHES** Pipe organs—this one is in Salt Lake City's Mormon Tabernacle—broadened out from sacred music during the 1900's by moving into . . .



**MANSIONS** But only a wealthy man could afford this Aeolian in the now-demolished home of Charles M. Schwab. In the '20's the market shifted to . . .



**THEATERS** Here is the console of the "Mighty Wurlitzer" in New York's Radio City Music Hall. But now the big U. S. market is once again in . . .



**HOMES** The Spinnet Hammond (in trailer, above) and other low-priced electronic organs have opened up a big potential market.

## Organ Sales Stage Comeback

It's the electronic product—priced for a wide market—that's boosted sales. Biggest long-range potential seems to be in homes.

If your grandfather was wealthy and had a taste for lavish display, he may very well have put the gleaming metal pipes and rosewood of an Aeolian or Skinner organ in his home. If he didn't have that kind of money, he may have bought himself a reed organ. But today, if you want to emulate your grandfather, the chances are that you'll buy an electronic organ.

For the so-called electronic organ

has brought the organ back into the home. The reason is price. A pipe organ costs anywhere from about \$6,000 to \$200,000 or more. But an electronic organ which will give you practically all the effects of a monster pipe organ can be had as low as \$2,000. (You can get a single-manual job for \$1,145.)

• **Here to Stay**—Musicians and music lovers can argue all they wish about the merits of electrical or electronic

# LYON

**MAKES**  
more than  
**1500**  
regular cataloged  
items of steel  
equipment . . .

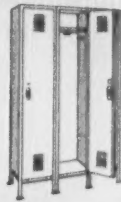
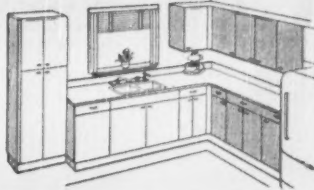
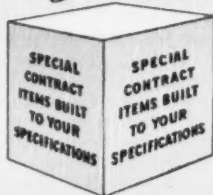
**WILL MAKE**  
special contract  
items to your  
specifications



# LYON

## METAL PRODUCTS, INCORPORATED

General Offices: 210 Monroe Avenue, Aurora, Illinois  
Factories: YORK, PA., AURORA, ILL., CHICAGO HEIGHTS, ILL.  
Warehouses, Branches and Dealers in Principal Cities



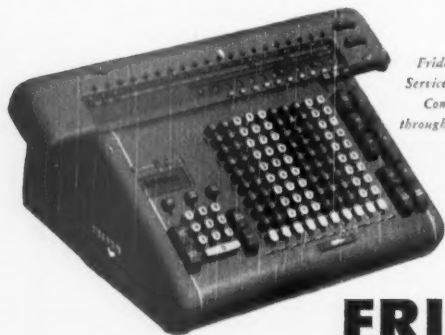
### A PARTIAL LIST OF LYON PRODUCTS

- |                        |                     |                   |                    |              |                 |                     |
|------------------------|---------------------|-------------------|--------------------|--------------|-----------------|---------------------|
| • Shelving             | • Kitchen Cabinets  | • Filing Cabinets | • Storage Cabinets | • Conveyors  | • Tool Stands   | • Flat Drawer Files |
| • Lockers              | • Display Equipment | • Cabinet Benches | • Bench Drawers    | • Shop Boxes | • Service Carts | • Tool Trays        |
| • Wood Working Benches | • Hanging Cabinets  | • Folding Chairs  | • Work Benches     | • Bar Rocks  | • Hopper Bins   | • Desks             |
| • Economy Locker Racks | • Welding Benches   | • Drawing Tables  | • Drawer Units     | • Bin Units  | • Parts Cases   | • Stools            |
|                        |                     |                   |                    |              |                 | • Sorting Files     |
|                        |                     |                   |                    |              |                 | • Revolving Bins    |



## Use the **NEW FRIDEN** *fully automatic calculator*

Are you interested in the **COST** of your figure-work? Using the **NEW ultra-matic FRIDEN** in your office . . . you'll save time, money and operator effort. New **PROFITS** will result from these savings. Just call your local Friden office . . . ask for a free demonstration on your own work . . . then analyze your present methods and **COMPARE** the **COSTS**. So be *thrifty in '50* . . . let the improved fully automatic FRIDEN cut your figure-work costs and earn for you . . . new **PROFITS**.



*Friden Mechanical and Instructional  
Service is available in approximately 250  
Company Controlled Sales Agencies  
throughout the United States and Canada.*

**FRIDEN**  
**CALCULATING MACHINE CO., INC.**

HOME OFFICE AND PLANT • SAN LEANDRO, CALIFORNIA • SALES AND SERVICE THROUGHOUT THE WORLD

organs, but the fact is that they are very likely here to stay. According to the latest Census of Manufactures, factory shipments of electronic organs came to \$6.7-million in 1947, as against 1939's \$2.1-million. Today, the output is well above that.

In fact, it's mainly due to heavy sales of its new electronic organs that Rudolf Wurlitzer Co. finally got into the black during the final quarter of 1949 after steady losses for the first three quarters.

The electronic-organ industry only had its start in 1934. In that year the Hammond Instrument Co., a maker of electric clocks, produced the first commercial electronic organ. In 1936 retail sales of Hammond organs were about \$24-million. That topped the total U.S. pipe-organ business, which had slipped from a 1927 high of \$15.5-million to \$14-million in 1936.

• **Vatican Approval**—Official recognition, as it were, came more slowly. It wasn't until 1938 that the Federal Trade Commission officially sanctioned the Hammond company to describe its instrument as an "organ" in advertising. And it wasn't until just a very few weeks ago that the Vatican finally cleared the electronic organ—with some reservations—for use in Catholic churches.

The Vatican's stamp of approval came when the Sacred Congregation of Rites declared that "electrofonorum organorum usum non prohibet." This was a revolutionary change of mind for the Vatican. For centuries it has permitted only wind pipe and reed instruments to be used in Catholic churches. Credit for changing the Vatican's age-old position goes largely to Microtecnic, Ltd., a Fiat subsidiary licensed to produce Hammond organs in Italy.

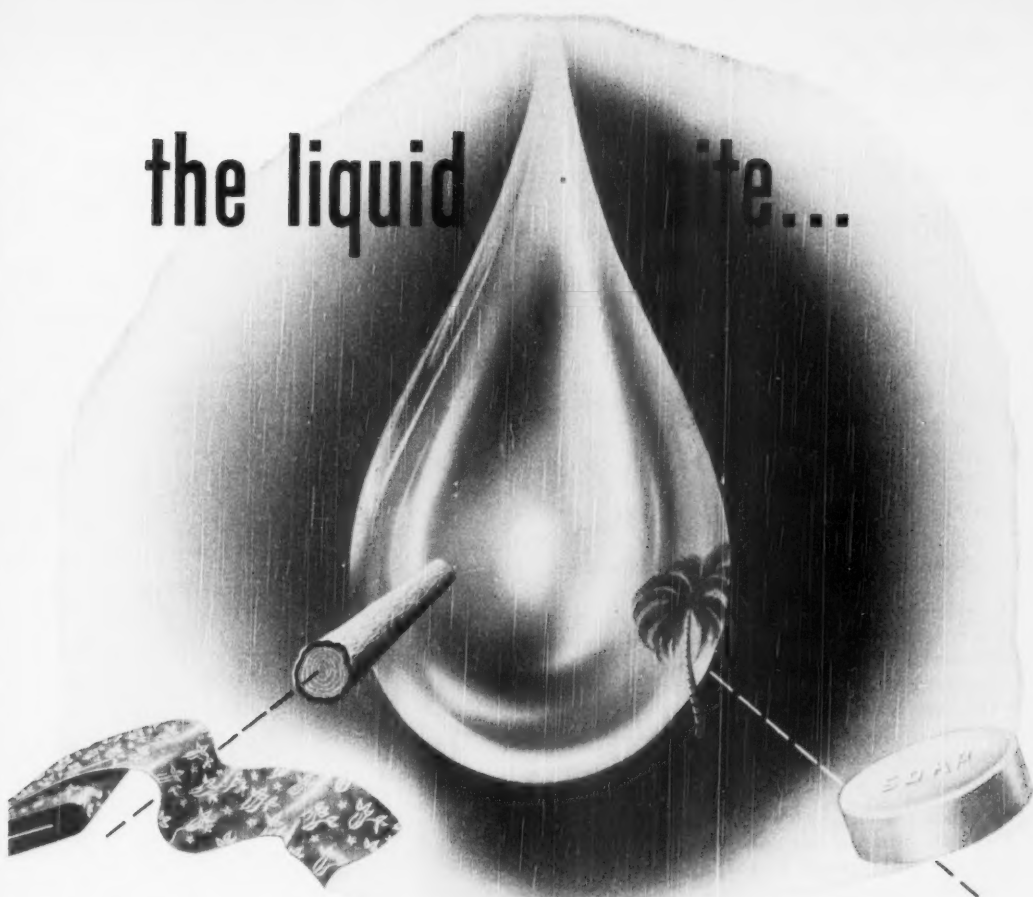
Yet what the Vatican has actually done is to recognize an existing condition. Hammond can show you lists of Catholic churches—more than 3,000, it says—that have bought its organs.

• **Home Market**—There are an estimated 200,000 churches in the U.S.; 130,000 of them, say industry sources, have either no organ or an old one. (Hammond says that it has sold 20,000 organs all told to churches.) But it is still hardly as big as the potential market in U.S. homes.

A few figures will show how the trend has veered. In 1938, Hammond sold 35% of its organs to churches; 25% to homes; the remaining 40% to schools, bars, theaters, and other public places. But a major western music dealer reports that of the 665 Hammonds he has sold since the war, 71% have gone into homes; only 22% into churches; the rest into bars, etc.

• **Wurlitzer**—In the 1930's, pioneer Hammond had this market pretty much to itself. But since the war there have been more than half a dozen makers

# the liquid life...



**THAT MAKES WOOD YIELD RAYON**

**...FATS BECOME SOAP**

From soap to rayon, powerful Caustic Soda plays an important part in the preparation of a multitude of products used every day. In the conversion of cellulose into rayon — in the saponification of fatty oils into soap — in hundreds of ways Caustic Soda contributes to the country's manufacturing processes.

From Niagara Falls to Texas, fourteen great plants make Mathieson a major force in the manufacture of the five basic heavy chemicals — caustic soda, soda ash, ammonia, chlorine and sulphuric acid — and their allied products. Mathieson is a single source of supply for all five of these chemicals indispensable to industry, agriculture and public health.

***Mathieson***  
CHEMICALS

Mathieson Chemical Corporation  
MATHIESON BUILDING,  
BALTIMORE 3, MARYLAND

S E R V I N G   I N D U S T R Y ,   A G R I C U L T U R E   A N D   P U B L I C   H E A L T H

# CRISIS in the AWFUSS\*

(No. 1)

"HOW LONG BEFORE YOU'LL  
TURN UP THAT  
MCHENRY ORDER?"

"WE'VE LOOKED FOR  
THREE DAYS—AND NOW  
WE'VE LOST THE FILE CLERK."



\* An awfuss is a place where business is misconducted.

A modern, fast, sure-fire "finding" system is the heart of the efficient office routine. The "SAFEGUARD" filing system is such a *finding* system—fast, simple, and accurate. It saves minutes when minutes count. It averts many a serious delay or embarrassment.

Saves time and money—fewer clerks find more papers in less time. The "SAFEGUARD" system by Globe-Wernicke is available in four basic types to meet every business need.

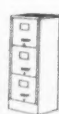
If you want what you want when you want it—call this to the notice of your Filing Chief.

Sold by reliable service-minded Globe-Wernicke dealers. See your classified phone directory—under "Office Furniture and Equipment" in principal cities.



One-drawer unit — complete ready to install. "Safeguard" Filing System is another Globe-Wernicke product that speeds business—cuts costs.

"Find-I-Tis"—an informative booklet about modern filing methods is available at your G-W dealer or will be sent on request, without charge.



Engineering Specialists in  
Office Equipment, Systems  
and Visible Records

Norwood, Cincinnati 12, Ohio

scrambling for it. Just where each stands is an open guess since the industry is tight-mouthed about sales.

Wurlitzer, however, is undoubtedly the nearest competitor to Hammond. For more than 40 years, Wurlitzer made pipe organs and eventually became the big wheel in the industry, especially in organs for theaters. But Wurlitzer abandoned pipe organs after the war. In 1945 it produced its first electronic organs.

• **Different Types**—The Wurlitzer organ, based on patents bought from the Everett Piano Co., differs in principle from the Hammond. The Hammond's tone is produced by revolving discs cutting a magnetic field; the Wurlitzer is basically a wind-activated reed organ, in which the tongue of the reed forms one plate of a condenser. Minshall-Estey Organ, Inc., also makes electronic organs based on the reed principle.

Strictly speaking, these are not electronic organs, though the name has clung to the field as a whole. There are, however, purely electronic organs, in which the tone is produced by oscillating vacuum tubes. Those types are made by C. G. Conn, Ltd. (the Connsonata); Central Commercial Co. of Chicago (the Lowrey); and Baldwin Piano Co., which has been licensed to employ the basic circuit used in Hammond's purely electronic Novachord, now out of production. Conn, the only maker that has given out any figures, says its sales are running about \$750,000 yearly.

• **Pipe Organs**—Electronic-organ people will tell you frankly that their organs are not intended to displace the venerable pipe organ. Nor, in fact, except where price is a consideration, have they done so. The pipe-organ industry, though withered to a handful of makers, is still alive and kicking. Indeed, according to some organ makers, business is now the best that has been since the roaring 1920's, when they sold thousands of instruments to movie theaters.

Recently, for instance, Kilgen Organ Co. installed a \$100,000 organ in the St. Louis Cathedral. And Austin Organs, Inc., of Hartford, Conn., says that it is delivering two organs a month—about \$25,000 worth. It also does a considerable rebuilding business.

• **Even in Homes**—Aeolian Skinner Organ Co. reports that 95% of its sales are now to churches, with business in that line booming because of war-deferred rehabilitation and building. Last year's sales came to \$600,000 or \$700,000—about half the annual sales during the 1920's, but the best since 1929. Interestingly enough, the company even reports a small flurry in the home market. You can buy an Aeolian-Skinner today for anything from \$6,500 to \$150,000.)



A large crane is shown lifting a GATX tank car. The tank car is cylindrical with 'GATX' written on its side and is suspended by several cables from a large hook. Below the tank car is a map of the United States, with a long train of similar tank cars stretching across it. The background is a light, textured surface.

# GATX GEOGRAPHY

You see GATX tank cars everywhere—hundreds of specialized kinds—carrying chemicals, petroleum products, edible oils, fish oils, molasses and innumerable other bulk liquids to and from every state in the Union.

Yet none of the more than 41,000 tank cars in the GATX fleet is ever more than a few hours away from one of General American's completely equipped maintenance shops. Thus General American—builder, operator, lessor of tank cars—keeps the nation's bulk liquids rolling swiftly, safely and economically to their destinations.



#### DISTRICT OFFICES:

Buffalo • Cleveland • Dallas • Houston • Los Angeles  
New Orleans • New York • Pittsburgh • St. Louis • San Francisco  
Seattle • Tulsa • Washington

#### EXPORT DEPT.

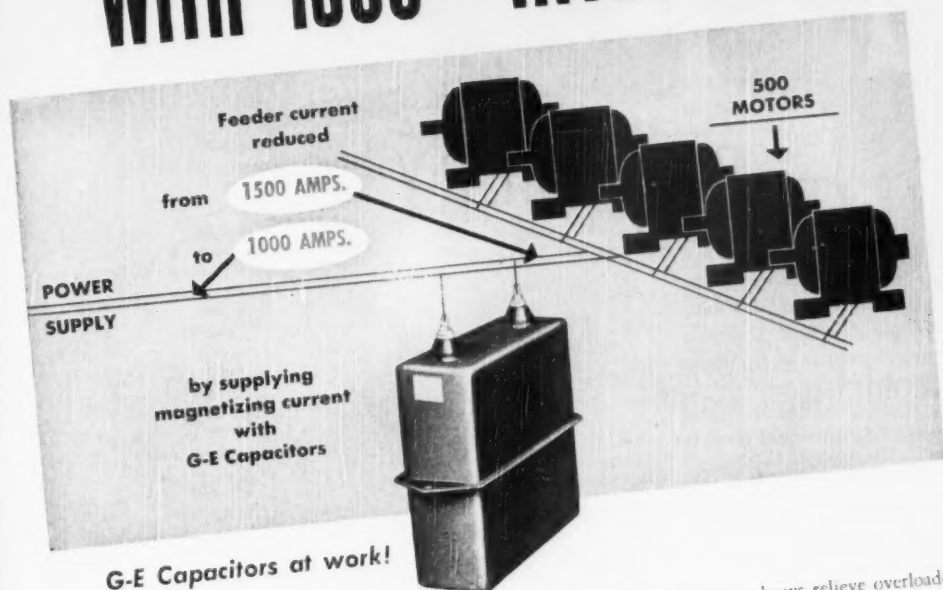
20 East 40th Street, New York 17, New York

#### GENERAL AMERICAN TRANSPORTATION CORPORATION

135 South LaSalle Street • Chicago 90, Illinois



# OHIO PLANT CUTS CURRENT $\frac{1}{3}$ WITH \$1300<sup>00</sup> INVESTMENT




**G-E Capacitors at work!**

WHEN STANDARD ENVELOPE MANUFACTURING CO. of Cleveland added new equipment, switches overheated and fuses blew. It looked like new wiring was called for. However, investigation showed the culprit to be a low power factor. Total current drawn by 500 motors, many only 1/25 hp, was 500 amperes more than it need be.

G-E CAPACITORS WERE INSTALLED—at a cost of only \$1300. Total current dropped one third, production returned to normal, and a re-wiring job was forestalled. Also, because power factor was up to 97%, the company's power bill was reduced approximately \$28 a month.

G-E CAPACITORS will almost always relieve overloaded feeders and transformers—and they will usually improve voltage. Where power contracts have a power-factor or kva-demand clause, they may also make possible outright monetary savings. In any event, your electric utility, your contractor, or a G-E specialist can help you determine accurately just what they will save.

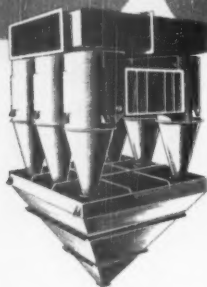
Meanwhile, see what others have done with capacitors—ask for our 8-page booklet, GEA-5167. Write Section 407-192, Apparatus Dept., General Electric Company, Schenectady 5, N. Y.

*You can put your confidence in—*  
**GENERAL  ELECTRIC**

407-192

ENGINEERING  
comes before equipment...in

# DUST



## RECOVERY

**Merely hopeful** buying is unnecessary. In Buell experience, each job is sufficiently different from all others to warrant complete analysis and individual job engineering. Our specialized experience in this direction is yours for the asking... with no obligation whatsoever. If a cyclone collector is to be recommended, Buell has the patented van Tongeren 'Shave-Off' to do away with double eddy inefficiencies. If you are interested in principles, write for our catalog... if you have a specific problem, outline it for us. Remember... no obligation is involved. Write: Buell Engineering Company, 70 Pine Street, Suite 5005, New York 5, N. Y.

**buell**

Engineered Efficiency in

**DUST RECOVERY**

along the main transportation arteries. To get to the Loop, these people have to pass through the outlying retail districts. Wieboldt's puts its stores on the far side of these small retail centers, away from the Loop. That way, it's a little easier to reach the Wieboldt store than to go to one located on the busiest intersection of the district. And Wieboldt's is the first big store you see as you start on your shopping trip.

Wieboldt's has followed this policy successfully in four of its six stores. One of the other two was opened by William A. Wieboldt in 1884, well before such fancy theories of location were dreamed of. The other store, in the Ashland-Monroe district, was located in accordance with the theory—but the substantial shopping center that Wieboldt's hoped for didn't materialize.

• **The Middle Millions**—The entire chain concentrates on selling to what the management calls "the middle millions," neither the highest nor the lowest income groups. Wieboldt executives feel that present trends of income distribution will keep that class growing in size and buying power. All its stores but one are located where single-family homes of middle and lower income workers predominate.

Wieboldt's two strongest competitors, Sears, Roebuck & Co. (with seven full-line stores), and Goldblatt Bros. (with 11 stores in Chicago and surrounding suburbs), operate large Loop stores in addition to those in outlying locations. But Wieboldt's has resisted the temptation to move onto State Street. Wieboldt executives are convinced that State Street already has more stores than the natural traffic will bear—at a profit. (Unlike Sears, incidentally, Wieboldt's carries no private-brand merchandise.)

Another reason, perhaps, that Wieboldt's has shunned State Street is that the chain's strongest department is home furnishings. On State Street, major emphasis is on style goods, particularly women's clothing.

### HYDROPONICS IN HYPOLUXO

Hydroponics, the science of growing vegetables in water, is going great guns in Florida. Hydroponic growers there have invested \$1.5 million on the basis of a simple marketing axiom—the better the merchandise, the more you can charge.

Vita-King Farms, Inc., at Hypoluxo, Fla., can get from 3¢ to 5¢ a lb. more, for example, for their water-grown tomatoes than field growers can get for their product. Demand for hydroponic tomatoes is so great that Vita-King and eight other local growers sell their entire output in the 50-mile area between Hollywood and West Palm Beach on the lower east coast of Florida.

# Unmatched Speed

*in keyboard operation  
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Compact typing-computing keyboard that speeds operation; new and improved features that speed paper handling; a score of automatic features that reduce manual effort put this Burroughs in a class by itself when it comes to speed and ease in handling accounting work.

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BW 11

complete  
accounting  
records

*All prepared on one machine*



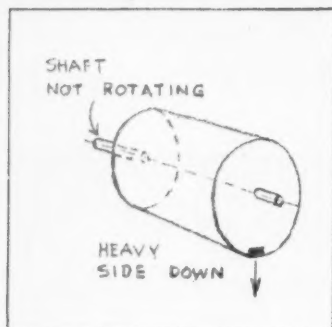
WHEREVER THERE'S BUSINESS THERE'S

**Burroughs**



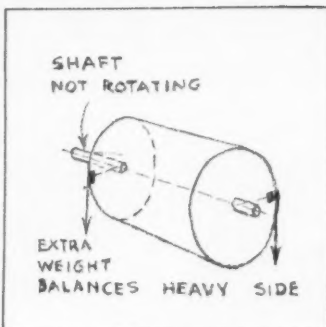


# PRODUCTION



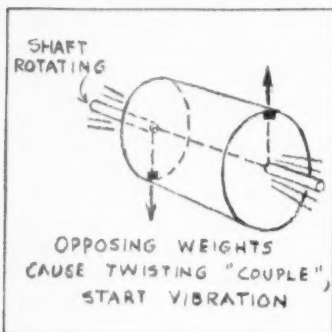
## STATIC UNBALANCE

Weld at edge of drum causes unbalance; at rest, drum's heavy side is at bottom.



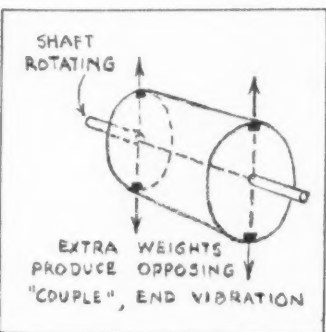
## STATIC BALANCE

Counterweight, on opposite side, balances weight of the weld—with drum at rest.



## DYNAMIC UNBALANCE

Though balanced at rest, drum isn't balanced when it turns. Result: vibration.



## DYNAMIC BALANCE

Two extra weights on the drum produce an equalizing force. Result: no vibration.

## If It Turns, Balance It

Whenever machines turn at high speeds, their life and efficiency depend on precise balance. Industry is getting that balance—in production and maintenance—with automatic balancers.

If a front tire on your car shows uneven wear, chances are the service man will tell you the wheel is unbalanced. That unbalance is caused by uneven distribution of weight. It can cause noise, and it can cause real mechanical trouble, in tire wear and bearing failure, when a wheel runs at high speed. The unbalance is usually corrected on a machine that tells the garage man where to place small lead weights around the rim.

• **Upsetting Force**—Front wheel bounce is a good example of the balancing problem that faces any industry using, or making, a product that revolves at

high speed. Uneven weight distribution on a rotating part creates forces that are bigger than you think: A 1-oz. weight on a string 1 m. long develops a negligible 1.15-oz. centrifugal force when the weight is spun at 200 rpm. But spin the weight at 50,000 rpm., and you develop a force of more than 2 tons acting at the end of the string.

Translate the 1 oz. weight into a 1 oz. unbalance on a high-speed automatic machine, and you see what unbalance can do to a precision machine—and why it is important to industry.

• **Big Little Business**—Industrial balancing is a big little business: An edu-

cated guess puts equipment sales (excluding auto-wheel balancers) between \$3-million and \$4-million a year. Companies that use the equipment range all the way from industrial giants, such as General Motors and General Electric, down to corner machine shops and motor-repair outfits. (Both GM and GE build machines for their own use and for suppliers.)

This week Finius Olsen Testing Machine Co., one of the handful of firms that makes balancing machines for the general market, brought out a new fully-automatic balancer. Designed for production-line setups, it shows the operator exactly where unbalance exists and where he should make corrections for it.

• **Lines and Shops**—Most balancing equipment produced today fits either into the production line or into the maintenance shop. A manufacturer using the machines can make sure that his rotating machinery has long service life, high efficiency, and few maintenance problems. In some cases, balancing before assembly can cut production costs, too. For if you balance a part at the start, you don't have to tear down the whole machine after assembly to locate a thump.

At most electrical manufacturing companies, armature balancing has become an almost routine practice. Where the trend toward balancing shows up is in the increased use of the technique by machine-tool plants, textile mills, automobile plants, and farm-implement factories. Some of these concerns develop their own tools for the job; but most depend on mass-produced, specialized machines that operate automatically.

## I. Theory

To understand the how and why of this balancing problem, and to get an idea of what the new machines do, it helps to know something of the scientific angles of the problem.

There are two kinds of unbalance: static and dynamic.

Static unbalance shows up in a drum on a shaft. Suppose the drum has a weld bead at one side. Spin the drum slowly and it will come to rest with the weld bead at the bottom. That's the static unbalance. The weight of the bead pulls the drum to that position.

You can correct static unbalance by placing a weight somewhere on the drum. If this counterbalance is equal to the weight of the bead, the counterweight has to be placed at the same distance from the center of the drum as the bead is.

If you want to put the counterbalance closer to the center of the drum, you have to use a heavier object. In this

case, the weight must increase in inverse proportion to the distance.

Suppose the bead that causes static imbalance weighs 2 oz. and is 14 in. from the center. Then, to correct the imbalance with a weight 7 in. from the center, you would have to use a 4-oz. counterbalance. If you wanted the weight 4 in. from the center, you would have to use a 7-oz. weight.

In all cases, the weight of the counterbalance times its distance from the center ( $4 \times 7 = 28$ ) must equal the weight of the weld bead times its distance from the center ( $14 \times 2 = 28$ ). The product is expressed in ounce-inches, the basic measurement used in calculating imbalance.

• **Dynamic**—Now, although the drum is balanced statically, it isn't balanced dynamically. As the drum rotates at high speed, the two ends of the center shaft will tend to describe circles in the air, unless they are held by bearings. If you could observe the shaft closely, you would see it describe a double cone, with the base of each cone at the ends of the shaft. The pull of the weights creates what engineers call a "couple," and that causes imbalance. The remedy is to add more weights to produce an opposing "couple." That's generally done by putting another pair of weights opposite each weight already in place.

Actually, most revolving objects have both static and dynamic imbalance. The role of dynamic balancing is to correct the imbalance by bringing the axis of gravity of a rotating piece into line with its rotational axis.

• **How Come?**—What causes imbalance in a properly-manufactured gear, fan, turbine, armature, or clutch assembly? Lots of things. Here are a few:

• Castings or forgings aren't always machined on all faces. Even when they are, it may not be necessary, or practical, to machine to close tolerances. As a result, the castings may not be precisely concentric.

• The metal in a rotating part isn't homogeneous. This is almost always true, whether the part is cast, forged, rolled, extruded, or produced by other methods; and it is true despite careful machining. Whether the imbalance caused by the variations in the metal is serious depends upon the type of work the part has to do.

• Some objects simply can't help being nonsymmetrical. On a small universal motor the windings can't be placed so as to give absolute symmetry; nor can the material used to impregnate the windings be put on with precise uniformity. The result is imbalance.

• Some objects tend to distort while running at operational speed, and this introduces imbalance. This is true of the blades on a blower fan.

• Tolerances which are allowed in machining or assembling rotating parts



## GOOD LIGHT...

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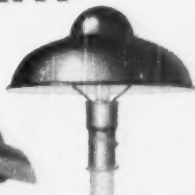


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250,000,000  
SQUARE FEET

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Founded on the development of this idea, the Kalman Floor Company has installed over 250,000,000 square feet of cement flooring during the past 34 years for America's leading industrial and institutional organizations.

But the process alone did not insure success. In carrying out its contracts, Kalman set new standards of quality, workmanship and integrity in the building trades. Today Kalman is recognized as the leader in the cement floor topping field. A new booklet just issued tells what to look for in a floor and describes the Kalman process.

You are invited to write for a free copy of our new booklet No. 16.

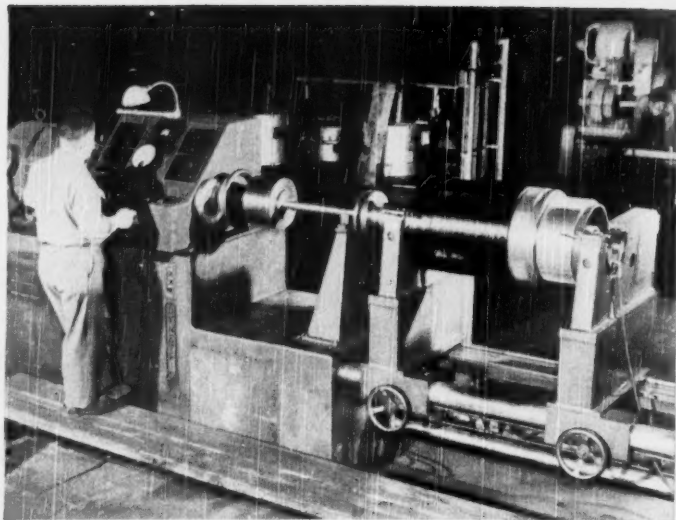


# Kalman

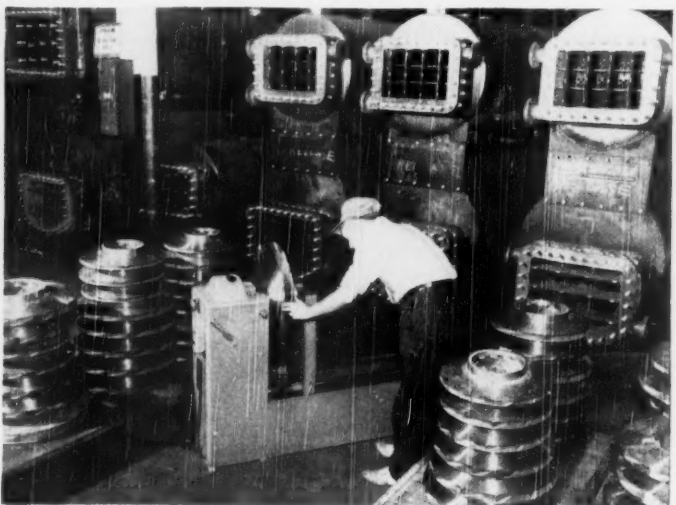
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# Floors

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ELECTRONIC BALANCER, made by Gisholt, automatically indicates unbalance.



ELECTRIC BALANCER, made by Bear, works on spark-gap principle.

can produce unbalance. Even though minute, these variations become significant in some types of rotating objects—a high-speed sheave, for example.

• **What to Do**—The job of balancing, then, is to determine where corrections have to be made, and how big to make them. Commercial balancing machines give this information with varying degrees of accuracy and completeness.

With some machines, the operator can determine only the location of the correction; he must depend upon his skill and common sense to fix the amount that should be made. Other machines tell the operator how much to correct and where to do it. Still

others do the whole job automatically, removing (or adding) the proper amount of metal at the proper place.

## II. Measuring

The simplest way of measuring unbalance—and the one requiring the greatest skill—is this:

The operator takes a motor armature or some other part and hangs it on a couple of looped straps. He then pushes the armature against a rapidly revolving rotor. When the armature is turning at the speed he wants, he allows it to hang free in its straps. The operator holds a piece of chalk close



## "So that's the better mousetrap!"



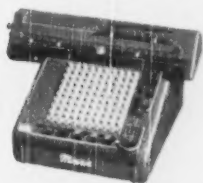
Appearances are deceptive  
to mice . . . and men.

Executives, for example,  
realize it's unnecessary to buy a  
blast furnace to light a cigarette.

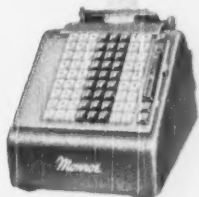
Or to invest in *too much* or too  
little machine to handle  
their volume of figure work.  
The moral of our tale, of course, is:  
get a Monroe. Because what-  
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problem, Monroe makes  
exactly the machine to handle it.  
Faster. Better. More economically.



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**FULLY AUTOMATIC!** Star performer saves  
time, effort. Sturdy construction, long,  
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operation. Huge appetite for figures!



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**TOP VALUE!** New 8 column with direct  
subtraction. Budget priced. "Velvet  
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Monroes, its "Velvet Touch"<sup>®</sup> is one reason  
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Every Monroe is sold only through  
Monroe-owned branches; serviced by  
Monroe's factory-trained organization.

# MONROE MACHINES FOR BUSINESS

Monroe Calculating Machine Company, Inc., General Offices, Orange, N. J.



Keystone's new Galvanized MB Wire offers improved corrosion resistance. It gives added life and strength to mechanical springs subject to rust and corrosion. This is due to Keystone's unique method of galvanizing the wire **before** it is cold-drawn. The drawing process smooths and hardens the galvanized finish, increasing its lasting qualities remarkably. Other advantages are its lustre-bright, shiny smooth finish . . . even, uniform temper . . . and high tensile strength.

Keystone is prepared to help solve any of your industrial wire problems. If special treatment is called for, Keystone's metallurgical research and testing facilities are available to supply the answers. We welcome your inquiry.

**KEYSTONE**  
STEEL & WIRE CO.  
PEORIA . . . ILLINOIS

*Special Analysis Wire, Setting  
New Standards of Performance*

to the spinning armature, first near one end, then near the other (points selected are those where he can add or remove metal to balance the piece).

Because of unbalance, the armature will wobble slightly in the straps as it spins. And the heavy side will always be at the outer circumference of the wobble. So the piece of chalk in the operator's hand will touch the armature at the heavy point. All he has to do is remove a little material at the heavy points (one near each end of armature), or add weight at the sides opposite the chalk marks.

• **In Place of Chalk**—Balancing machine manufacturers use various devices to replace the chalk and the operator's arm. One (Bear Mfg. Co.) substitutes a spark gap; the wobbling shaft closes an electrical connection, produces an electric spark that tells the operator where to add weight. Another (Gisholt Machine Co.) uses a pair of electric fields at each end of the rotating piece. Then it measures the difference in voltage to record the location and amount of unbalance (the tiny voltage differences have to be amplified electronically).

Balancing machines turn up on a variety of jobs. But broadly, the machines are used in two ways:

**On the production line.** Electric motors, machine tools, auto engines, farm implements, textile machinery, to name a few, are balanced before they go into operation.

**In maintenance shops.** More balancing machines wind up in the maintenance shop than on the production line. Manufacturers have learned the value of keeping their own equipment in balance.

### III. Results

Results from systematic balancing are sometimes phenomenal. A cereal manufacturer had a problem with the blast wheels used in removing chaff from oats. Bearings on these wheels had to be replaced weekly. He balanced the wheels and the savings in repair parts and labor paid for the balancing machine in a year. Further, the savings didn't take into account the elimination of "down time" on the machine.

Another case: A foundry in Alabama making centrifugally cast iron soil pipe found 26% of the pipe had to be rejected because of imperfections. The molds used were balanced—and rejections were cut almost to zero.

• **Railroads**—Among railroads, there is a lot of disagreement about the exact worth of balancing. The Illinois Central, which started out several years ago balancing wheels on one crack Chicago-St. Louis train, now balances wheels on all passenger streamliners. Road operating men think balancing





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and does handle anything, anywhere, anytime,  
in any quantity, for anyone.*

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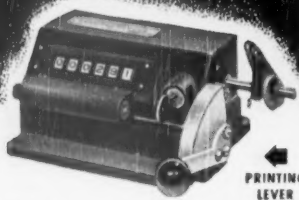




## It pays to do business in New York State!

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### PRODUCTIMETERS

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improves riding quality on trains that move at high speed; they also believe there is a reduction in maintenance. But for freight cars, the benefits wouldn't be worth the cost of machines and the time needed for the balancing job.

General Motors' Train of Tomorrow (BW—May 31 '47, p22) had balanced wheels; they were supposed to be one reason the train rode so smoothly.

• **Tests**—A year ago the Assn. of American Railroads ran extensive tests on the cause and cure of passenger-car jouncing (BW—Oct. 16 '48, p78). The association is still analysing the mass of statistics it put together. Engineers in charge of the tests say they doubt whether they can prove that balanced wheels increase passenger-car comfort.

They do concede, however, that there was more movement of wheel journals in truck frames when wheels were unbalanced—and such movement means more wear.

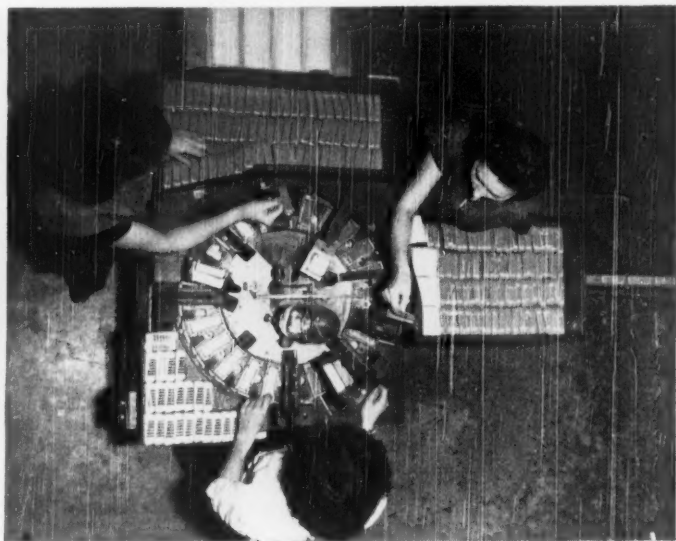
• **Dividends**—Balancing often pays unusual dividends. Motor-car manufac-

turers who balance completed engines, besides balancing components separately, have found that the double check often uncovers assembly-line errors. If a bolt has been left off the crankshaft, for example, no amount of effort can rectify the resulting unbalance in the engine. So the engine is torn down, the mistake discovered—and later expensive, time-consuming trouble eliminated.

Too often there is just no place on a rotating piece where weight can be added or subtracted without affecting operation. Now designers and consulting engineers are beginning to take the problem of balancing into account when they lay out plans for a new product.

#### IV. The Business

Balancing-machine manufacturers today are turning out types of equipment that will balance objects weighing a few ounces and types to handle 50 tons,



## Fast Tempo for Music Makers

This revolving assembly line can turn out 100 plastic harmonicas a minute. The girls load hoppers with molded parts. The hoppers feed the parts by gravity onto the rotating table. Then the machine applies adhesive from the glue pot (center), clamps the parts, and spools the finished harmonica onto a conveyor track (right).

The fast assembler is the latest example of the production thinking of Finn H. Magnus, president of Magnus Harmonica Corp., Newark, N. J. Magnus developed the all-plastic harmonica—in which five molded parts replaced 150 machined parts.

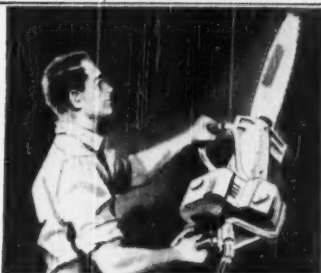
The idea put harmonica-making on an assembly-line basis, captured a worldwide market for the firm. With assembly time cut to 15 sec. per harmonica, and molding techniques that produced a pretuned reed assembly to a tolerance of 0.001 in., Magnus could underbid his metal-using competitors.

The new machine will help still more. Besides speeding assembly, it is conveyor-coupled to an automatic packaging unit. Magnus expects the new hookup will further cut costs and improve quality of output as well.

## MAGNESIUM MAKES MANY PRODUCTS BETTER

Example  
THE PORTABLE CHAIN SAW

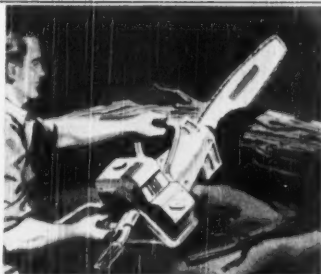
*Light!*



This manufacturer wanted to design a much lighter but still rugged chain saw. To get the best combination of lightness and ruggedness, he used magnesium wherever possible. Over 16 lb. of magnesium were used in the final design, and the complete saw weighed only 45 lb. — over 30 lb. lighter than a competitive saw.

Magnesium die castings keep saw weight down to 45 lb.

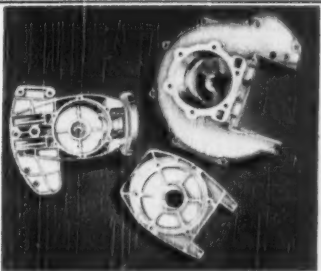
*Strong!*



This lightweight saw does a "heavyweight's" job and it's a "heavyweight" in strength and ruggedness too. Magnesium gives it all the required strength and rigidity at minimum weight. Here is another instance where sound design combined with magnesium lightness has given a product a significant sales advantage.

A "lightweight" in pounds—a "heavyweight" performer

*made  
with*



The manufacturer of this article chose magnesium in the form of die castings. It was the logical choice for several reasons: Large quantities were needed and the thin sections possible allowed maximum weight savings. Also, die cast magnesium has a smooth surface, and the dimensional accuracy obtainable minimizes any machining required.

# Dow Magnesium!

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The portable chain saw is just one example of the dollar and cents value of magnesium lightness. There are countless others including most types of manually handled equipment, truck and van bodies, business machines, high speed reciprocating machinery, and sporting equipment. These are just a few of the fields in which magnesium has

meant better products, greater sales, and larger profits.

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rotating at speeds of 100 rpm. to 30,000 rpm. or more.

The sensitivity of these machines varies according to type and requirements. They can, though, be designed to make split-hair adjustments. One manufacturer (Gisholt) has a machine that will reduce unbalance to 11-millionths of an ounce-inch.

The balancing business is still growing. Although Bear Mfg. Co. of Rock Island, Ill., has only gone into industrial balancing in the last few years, it believes the "baby" will eventually eclipse its wheel-balancing business. Other firms in the automotive-wheel balancing field—such as Stewart-Warner—are also eyeing the potential industrial market.

• **No Surplus**—One sign of industry's appreciation of balancing: At the end of the war, there was a multibillion dollar surplus of government-purchased machine tools; but balancing machines weren't to be found in the stockpile. Manufacturers who had balancing machines in their plants kept them—buying them from the government, where necessary.

### PRODUCTION BRIEFS

Chemically treated timbers last two to three times longer in mines than untreated ones, a 20-year test by the Bureau of Mines shows. Zinc, chloride, borax, and sodium fluoride were used as preservatives.

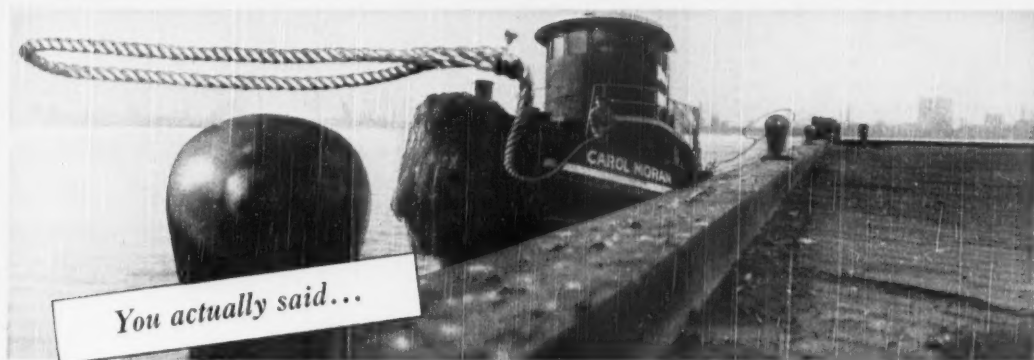
Stainless steel in powder form is being compacted by American Electro Metal Corp., Yonkers, N. Y. Parts made from the powder show the same characteristics as conventional stainless.

Chicken feathers are being made into wallboard and insulation at the University of Delaware. The board uses a fireproof binder and a chemical hardener along with the feathers.

Dry-ice refrigeration is being used on the Union Pacific's new dining cars. The road is also installing mechanical dishwashers.

Rotted rail ties are being turned into paper with a process developed at Southern Research Institute. Institute chemists say they can salvage 45 million ties a year.

An electronic rectifier, developed by General Electric Co., is filled with a vapor of caesium, a metal that melts just above room temperature. The tube is said to have infinite life, an efficiency of over 98%.



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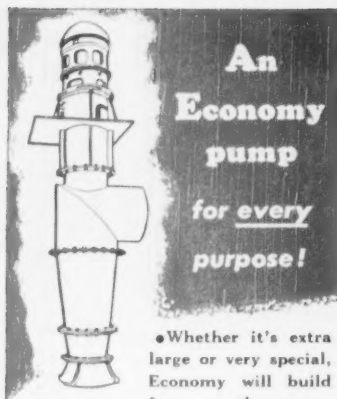
Now, from Edison, the only company making both electronic disc-type (illustrated) and electronic cylinder-type, you get an unbiased answer to "which type is best for me?"



Thomas A Edison

For free demonstration, phone "EDIPHONE" in your city, or write Thomas A. Edison, Inc., 46 Lakeside Ave., West Orange, N. J. In Canada: Thomas A. Edison of Canada, Ltd., Toronto 1, Ontario.





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Let's discuss your pump requirements.

### Economy Pumps Inc.

Div. of Hamilton-Thomas Corp.  
Hamilton, Ohio

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A prominent manufacturer of radio and television equipment has speeded up his assembly lines by using Cleco A-1 Pneumatic Reversible Screwdrivers to attach components to the chassis.

Production at critical points was increased 500%—and the tools paid for themselves in three days!

The small size, the automatic throttle and absence of torque reaction made the Cleco A-1 ideal for the fast, precise work.

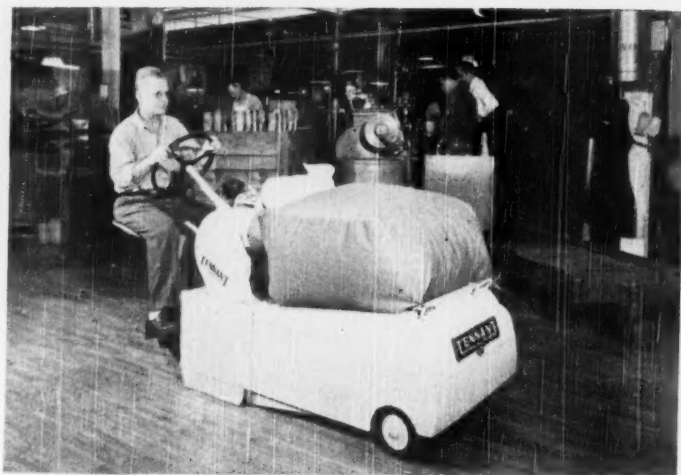
A Cleco Field Engineer can help you with your problems whether they be grinding, chipping, drilling, screw-driving or nut running. Air power can help you cut production costs. A word from you will get a Cleco Engineer on the job immediately.

CLECO DIVISION  
of REED-ROLLER-BIT COMPANY  
5125 CLINTON DRIVE HOUSTON 20, TEXAS



ADV.

## NEW PRODUCTS



### Small Plant Sweeper For Narrow Aisles

For factory aisles that are too narrow for standard 36-in. power sweepers, G. H. Tennant Co., 2530 N. 2nd St., Minneapolis 11, Minn., has designed a 29-in. model. The one-man machine cleans over 45,500 sq. ft. per hour.

A combination brush-and-vacuum system is said to sweep extra-clean and prevents build-up of grease and grime on production floors. A 24-in. brush revolves inside a compartment hugging the floor and sends dirt into an enclosed hopper. At the same time a vacuum fan draws dust into a heavy fabric bag.

Use of a two-speed transmission gives the sweeper speeds up to 8 mph. for open areas and as low as 2 mph. for safe handling in narrow or crowded aisles. Soilage pick-up is as efficient at 2 mph. as at 8 mph., the company says.

To begin sweeping, the operator lowers the brush to the floor with a foot pedal. Then he shifts to high or low speed and presses the accelerator pedal. A centrifugal-type clutch engages smoothly when the engine reaches a preset speed.

### X-RAY IN INSTALMENTS

An X-ray machine that can be bought piecemeal and assembled on a building block principle is the latest development of General Electric X-Ray Corp., Milwaukee, Wis.

The company's line of equipment, called Maxicon, is broken down into 43 component parts. The user can add parts as he wants them. The assembly

of a complete X-ray machine takes up to half an hour.

With all the variables of the line, 300 different types and models of X-ray equipment can be constructed, the company says. And small hospital facilities, such as clinics and dispensaries, can get diagnostic equipment without the usual heavy initial investment.

Sheet metal instead of cast steel is used in nearly all the pieces of the machine. On the tilting table, spring-tension counterbalances replace the usual 400-lb. weights to cut down the over-all weight. The company is working on an aluminum model, which should cut down the weight by another 600 lb.

### COMPANY CHART KIT

Organization charts are aids to any business. But they can be costly, too. Usually it takes a first-rate draftsman to turn out a decent looking chart. And organization changes are apt to date a chart before long, so it becomes useless.

Chart Pak Method, Inc., 104 Lincoln Ave., Stamford, Conn., has a chart in kit form that can be assembled by any untrained office employee. The materials of the kit are flexible enough to permit frequent chart changes.

A master chart for copying photographically is laid out on a laminated plastic board printed with grid lines. The lines are optically visible but photographically invisible. That way the lines don't show up in photostats.

Company departments and names of personnel are first typed on black-bordered paper boxes. The slips are covered with an adhesive, protected by a wax backing paper. The typed slips

are applied to the chart board with the help of the grid lines. When the names are out of date, the slips can be changed.

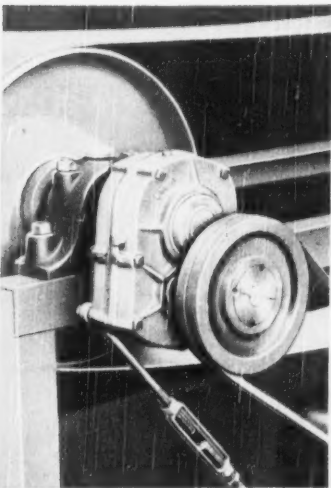
To show connections between departments, an adhesive-backed tape is used. The tapes come in a variety of markings: lines, dots, and arrows.

## JOURNAL BOX LUBRICATOR

Grease-soaked waste packing is the usual lubrication for railroad car journal boxes. Now Hennessy Lubricator Co., Inc., Chambersburg, Pa., has an oiling device that does the job.

The lubricator fits into a standard journal box, and there's no need to disturb the bearing. Standard installation and removal time is about a minute.

The lubricator's pump is operated by the crosswise movement of the journal in its box. The mechanical action of the unit replaces the capillary attraction of waste-filled boxes. The device is said to reduce the possibility of hot bearings—the bugaboo of railroad car maintenance.



## COMPACT SPEED REDUCER

A new speed reducer eliminates special mounting problems. It has been developed by Dodge Mfg. Corp., Mishawaka, Ind., to provide a fixed 15-to-1 reduction between a motor and a belt-driven shaft. The device mounts directly on the driven shaft, there's no need for a flexible coupling and foundation. An adjustable "torque arm" anchoring the reducer housing provides enough belt tension adjustment in its turnbuckle to let the user mount the driving motor rigidly.

Dodge says the reducer's principal fields will be in conveyors, bucket elevators, agitators, and processing equip-

ment. Because it is light (the smallest unit weighs only 35 lb.) and the design is simple, it's easy to shift from one machine to another. Bushings make up for differences in shaft sizes. The reducer comes in six sizes up to 28.5 hp.

The 15-to-1 reduction is obtained through a double train of helical gears, heat-treated and shaved, mounted in a cast-iron housing. Gears run on ball-bearings.

## TRAVELING TYPEWRITER

Train and plane travelers may be interested in Skywriter, a midsize typewriter produced by L. C. Smith & Corona Typewriters, Inc. The company thinks Skywriter is the smallest typewriter ever produced in the U.S.

Although it occupies less than 4 cu. ft. of space, the machine has a full-size standard keyboard, will take a standard letterhead. It's designed to handle high-speed typing.

The low center of gravity and wide-set rubber feet keep the typewriter from creeping while in use.

## NEW PRODUCTS BRIEFS

An intercom system, Vocation, requires practically no special wiring. Messages move over the regular electric lines in and around the plant. The system has a range of 1 mi. Made by Vocaline Co. of America, Old Saybrook, Conn.

A liquid cleaner for electric motors and generators dissolves grease quickly, has little effect on insulating materials. The compound, Blend CC No. 49, is made by du Pont.

A hose reel for lines that carry inflammable liquids is powered by an explosion proof electric motor. The manufacturer is C. B. Hannay & Son, Westerlo, N. Y.

Plastic spouts, made by West Penn Oil Co., Warren, Pa., are designed for canners of lighter fluids and household oils. A breakable seal inside the spout and a removable plastic tip over the nozzle seal the can.

A conveyor-belt system, made by Hewitt-Robins, Inc., 370 Lexington Ave., New York, comes in sections, can be shipped as a packaged unit. Sections are 15 ft. to 21 ft. long.

Industrial control valve, developed by Minneapolis-Honeywell Regulator Co., doesn't have to be lubricated, is supposed to give leak-proof service. Materials passing through the valve can't become contaminated. The unit has a rated line pressure of 250 psi.

to cut  
selling costs



TRY A

**Milprint**  
PACKAGE

More sales reduce your unit cost of doing business. And an eye-catching Milprint package can be a vital factor in upping your volume, increasing shelf velocity and swinging new customers your way.

Milprint's sales-wise package designers and merchandising men are ready to apply their experience to your package to help you cut selling costs. Call your local Milprint man or write today.



For Libby's frozen food family, Milprint rotogravure printed Cellophane carton overwraps.

Use Milprint "Follow Through" Service. Milprint can create and produce all your printed promotional material—lithographed displays, booklets, car cards, point-of-sale pieces, folders—everything you need to help merchandise your packages and advertising.

**Milprint INC.**  
PACKAGING MATERIALS  
LITHOGRAPHY & PRINTING

General Offices Milwaukee, Wis. • Sales Offices in All Principal Cities  
Printed Cellophane, Pictolam, Acetate, Glassine, Plastic Films, Foils,  
Folding Cartons, Lithographed Displays, Printed Promotional Material.

# MECHANIZED SELLING

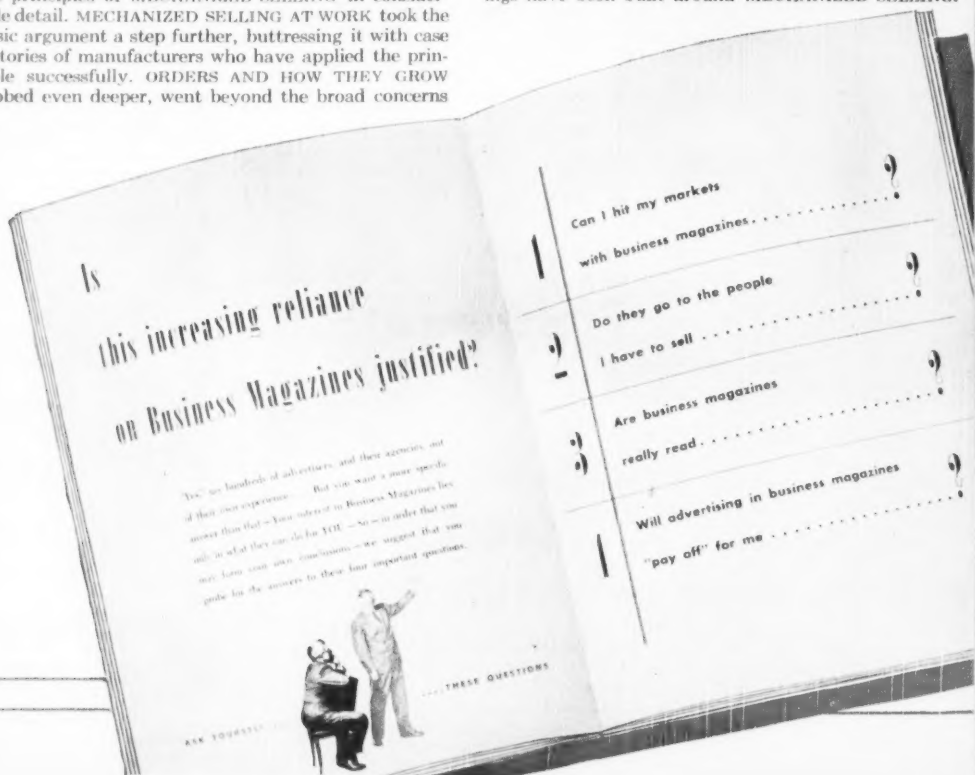
## ANSWERS YOUR QUESTIONS

### BUSINESS PAPER ADVERTISING

USE the high-speed, low-cost tools of advertising to help the salesman over the first three steps to a sale. Give him more time to concentrate on the pay-off steps, and lower unit sales costs will follow. That's the sound doctrine of MECHANIZED SELLING. It's the theme of a continuing program launched by McGraw-Hill in 1946 to acquaint management with the proper function of advertising. McGraw-Hill has developed this concept of advertising as a cost-cutting tool in a series of booklets, advertisements, slide and strip films. WHEN THE CURVE IS UP, published in 1946, discussed the principles of MECHANIZED SELLING in considerable detail. MECHANIZED SELLING AT WORK took the basic argument a step further, buttressing it with case histories of manufacturers who have applied the principle successfully. ORDERS AND HOW THEY GROW probed even deeper, went beyond the broad concerns

of management to the specific, everyday problems of the salesman. It showed him *how* MECHANIZED SELLING works to help him use his time more productively, *where* it fits into the sales picture, *how* it reduces selling costs.

Management's reception of this developing theme has been gratifying. Management men tell us it has given them a more realistic concept of advertising. Company presidents pass copies of these booklets along to their boards of directors. Agencies take the story to their clients in presentations and slide films. Sales meetings have been built around MECHANIZED SELLING.



## BOOKLET ABOUT

# Mechanizing your Sales with Business Paper Advertising

Can MECHANIZED SELLING help achieve a greater sales volume for your business? This booklet provides a new look at the answer that is the answer for many business men. MECHANIZING YOUR SALES WITH BUSINESS PAPER ADVERTISING. The booklet contains a searching and of analysis by J. EDWARD. It sets up guide posts for finding the answers to the questions that you ask.

can MECHANIZED SELLING be used to greatest effect?

It explores the market for products that sell to business and industry, urges management men to ask themselves four fundamental questions: Can I hit my markets with business magazines? Do they go to the people I have to sell? Are business magazines really read? Will advertising in business magazines pay off for me?

The answers indicated in this new booklet are soundly based on authoritative surveys and questionnaires, but are intended to be merely illustrative of what successful users of MECHANIZED SELLING have done. Every management man who reads and uses this practical book is urged to get the answers to his own questions for himself.

We believe you will find this new McGraw-Hill booklet helpful. Ask your McGraw-Hill man for your copy, or write us on your business letterhead.

## McGraw-Hill

HEADQUARTERS FOR BUSINESS INFORMATION

## publications

330 WEST 42ND STREET

NEW YORK 36, N. Y.



**ONLY ROTARY  
GIVES YOU**

**Rota-Flow**

**For quieter, smoother  
lower-cost  
elevator service**

Rota-Flow, revolutionary new hydraulic power transmission system, moves Rotary Oilraulic Elevators on a continuous, pulsation-free column of oil.

Rota-Flow eliminates vibration and "pumping" noise and operates with greater efficiency than any other hydraulic power unit. Automatic floor-leveling within  $\frac{1}{4}$ " guaranteed, regardless of load size or rate of speed.

#### **Rotary Oilraulic Elevators Cut Construction Costs**

For 2, 3 or 4-story operation, Oilraulic Elevators save up to 25% on installed costs. No costly penthouse or heavy, load bearing shaftway structure needed to support car and load, counterweight and hoisting machinery. Oilraulic Elevators are not pulled up, but are "pushed up" from below by powerful Rotary hydraulic jacks. Rota-Flow power unit can be located within 50 feet of elevator.



#### **Write for Catalog 304**

Compare the Oilraulic with any other elevator. Call on Rotary's coast-to-coast field organization for facts and figures. For catalog, write

**ROTARY LIFT CO.,  
1126 Kentucky, Memphis, Tenn.**



**Rotary  
Oilraulic  
Elevators**

**PASSENGER AND FREIGHT**

## **COMPANIES**



**COMPANY DECISIONS** at International Shoe get made in informal sessions. In this one are v.p.s. James Lee Johnson, Henry H. Rand, Edgar E. Rand, and Robert O. Monnig.



**HEAVILY CONVEYORED** distribution warehouse in St. Louis is heart of International's huge inventory to back up its strictly wholesale policy, another mark of a company that's...

## **Big, Old, and Unconventional**

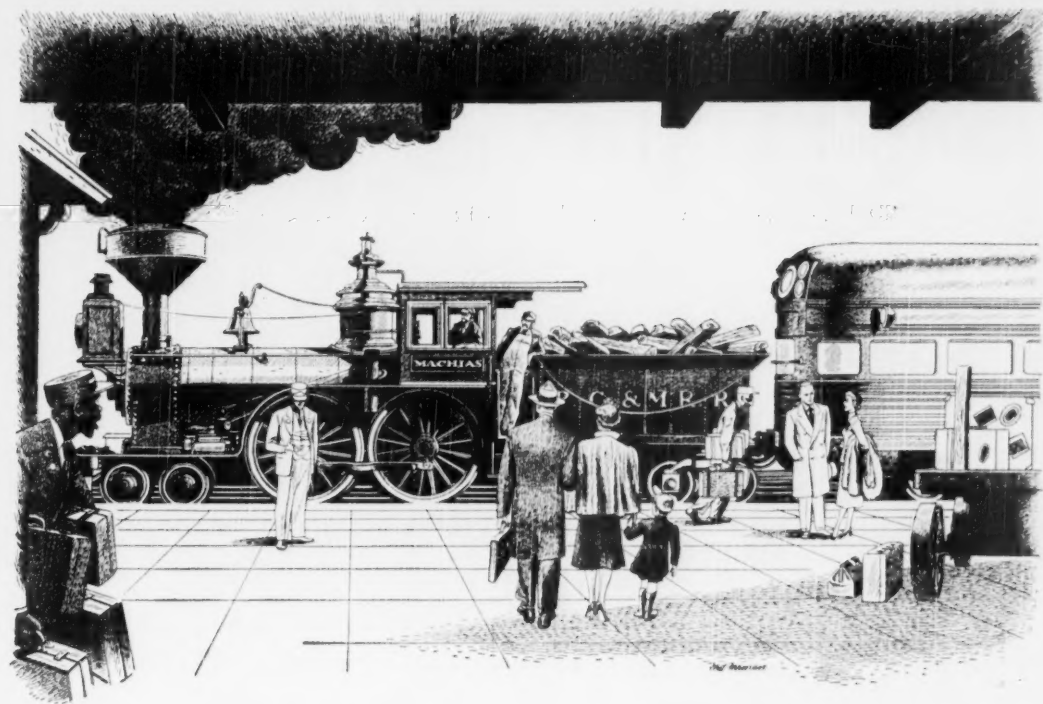
Biggest in its line, International Shoe Co. stays clear of retail selling, formal topside organization, and outside directors—and hasn't missed a dividend in 36 years.

Making and selling a product that comes in maybe 50 sizes and 5,000 styles is a pretty complex business. It should be even more complex if you are the biggest producer in the world. But it doesn't seem to work that way with International Shoe Co., maker of

about one in every 10 pairs of shoes sold in the U.S.

International makes men's, women's, and children's shoes of all types, in 56 plants around the country, with practically the same organizational setup it has had since it first got into the busi-





## What's wrong with this picture?

Obviously, the old "iron horse" and the modern streamliner don't belong on the same track. But you'll find many parallel situations today in industry . . . plants where modern production facilities are served by boilers almost as obsolete as old "Machias".

Technological progress often makes equipment obsolete long before it wears out. And this has been particularly true of the progress made in boiler design during the past 25 years. Modern steam generating units can so substantially reduce fuel, operating and maintenance costs that in many instances a replacement installation affords an investment opportunity that an economy-minded management wouldn't want to overlook.

Combustion Engineering - Superheater, Inc. has long been a leader in the development of steam generating and fuel burning equipment. The experience incidental to this development is at your disposal to help you and your consultants determine whether modernization can be applied profitably to your plant. A letter from you will bring an experienced C-E sales engineer to your office.

B-355



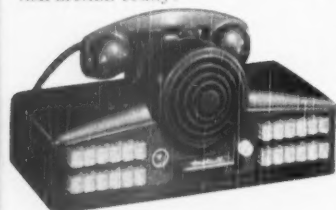
**COMBUSTION ENGINEERING—  
SUPERHEATER, INC.**

200 Madison Avenue • New York 16, N. Y.

ALL TYPES OF STEAM GENERATING, FUEL BURNING AND RELATED EQUIPMENT



TIME-SAVER extraordinary—that's AMPLICALL Intercommunication! In just seconds you get information, issue instructions, hold conferences, speed action within and between all departments of your business. AMPLICALL, with its superior design and operation, takes the load off busy switchboards—puts an end to wasteful walking, waiting and slowdowns—pays for itself quickly by converting wasted time into working time. Get the facts on time-saving AMPLICALL today!



## ELECTRONIC AMPLICALL Intercommunication

in Systems (cont'd)  
UNICATION SYSTEMS

**RAULAND-BORG CORPORATION**  
AMPLICALL specialist,  
installations, general business,  
consultations in daily use. Engi-  
neering, maintenance, repair, survey and  
training.

SEE TO BUY IT"

**RAULAND-BORG CORPORATION**  
3523-B Addison St., Chicago 18, Illinois  
☐ Send complete details on AMPLICALL.  
☐ Send your representative. No obligation.

Name \_\_\_\_\_

Firm \_\_\_\_\_

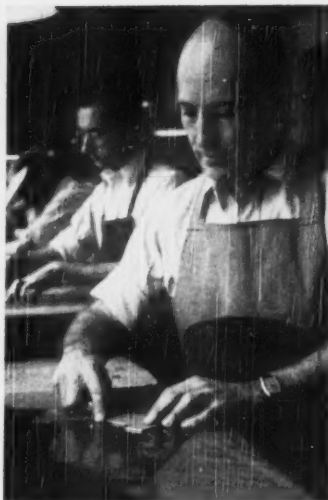
Address \_\_\_\_\_

City \_\_\_\_\_

See Your Phone Book

To locate your nearest AMPLICALL specialist, look in the "Intercommunication" section of your classified directory, or write direct.

State \_\_\_\_\_



**HAND WORK** still has a part in shoe manufacture. This worker is cutting leather for uppers around a pattern.



**MACHINE WORK** comes in for heavy sole leathers. Last year, International cut more than 100-million soles.

ness more than 50 years ago. And International sells shoes in a different way from almost everybody else in the industry. More than half of all shoes sold in the U.S. are sold directly by the manufacturer to the public through company-owned retailer stores. International deals entirely with independent jobbers and retailers.

This week when its annual report came out, International still seemed to be on the right track. Even in what has been a rough year for the shoe industry, International sold \$263,027,321 worth of shoes and other products, netted \$7,682,359 for the year ended Nov. 30, 1949. International has never been in the red and has paid common stock dividends without interruption for the last 36 years.

• **No Chart**—There's no such thing as an organization chart at International Shoe. Operations are run on a pretty informal basis, with each executive doing his job the way he wants to provided he gets it done. Even at the top, policy decisions are worked out in informal conferences.

If there's any corporate matter that needs a quick decision, it's simple to assemble the board of directors in a hurry. They all live in or near International's headquarters in St. Louis, and all 20 of them work for the company. International has never had a director who wasn't also a working officer of the company. Henry H. Rand, director and vice-president, claims that there's just too much for an outsider to learn.

• **Lots of Shoes**—Probably the biggest single thing that there is to learn at International is the 8-million pair inventory. It takes that many shoes to

supply the thousands of customers with what they want when they want it. The company figures that it carries the biggest inventory in the industry.

International's inventory and sales policy, says President Byron A. Gray, goes a long way toward explaining the good will the company has been able to build up among its customers. They can get merchandise when they need it, and they don't have to worry that International will open a store selling the same brands right across the street. International doesn't think that's the way to operate. Company people figure that if they began competing with their own customers, as most other manufacturers do, they would have a tough time holding them.

• **Close Touch**—One big advantage shoe men claim for the company-operated retail store is closer inventory control. But International argues that its sales force keeps in such close touch with retail dealers it knows their inventory positions as well as if it owned the stores itself.

Heart of International's inventory system is its main 10-floor warehouse at St. Louis. An intricate conveyor setup can hustle a case of shoes anywhere in the building. A load of shoes from any of the manufacturing plants is carried from the loading docks direct to the proper storage floor. Whenever a retailer places an order, shoe cases can be spotted on the loading dock for quick shipment.

• **Hides and Skins**—Like everybody making shoes, International is faced with high hide and skin prices. Early last year, there was a lot of talk in the industry about lower materials costs. So

**COME DOWN OUT OF THAT TREE!**

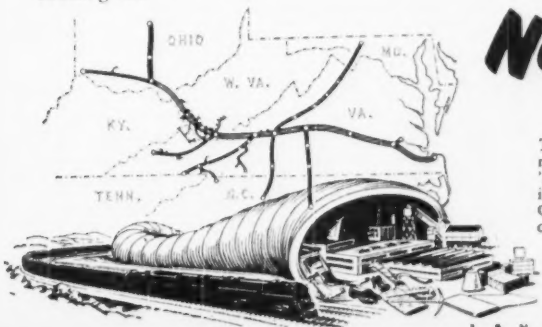


**NORFOLK AND WESTERN PLANT LOCATION  
SPECIALISTS WILL HELP YOU FIND THE RIGHT  
PLANT SITE . . IN THE *Land of Plenty*\***

*Formula for finding good plant locations:* Weigh all factors . . . screen a continent 5,000 miles from coast-to-coast . . . and then select the site that offers the most. IT'S EASY TO SAY — BUT NOT SO EASY TO DO!

There's an easier formula which many manufacturers, in all types of industry, have employed successfully. Here it is: Consider the *Land of Plenty*, and let the Norfolk and Western give you the information you need — specific for your purposes, complete and dependable, delivered promptly, in confidence and without obligation!

If you're "up a tree" on your new plant site, *come down*. Write the Industrial and Agricultural Department, Drawer B-301, Norfolk and Western Railway, Roanoke, Va. State your specific needs. This department can help you find what you're looking for.



## **Norfolk and Western RAILWAY**

*The Land of Plenty offers nearness to markets, dependable manpower, N. & W. Precision Transportation, the year 'round, ice free Port of Norfolk, plenty of power and industrial water, the world's finest supply of Bituminous Coal, good climate, friendly government, (clean, attractive communities — and room to grow.)*

\* The Land of Plenty — the six great states served by the Norfolk and Western — Virginia, North Carolina, West Virginia, Ohio, Maryland and Kentucky.

LAND OF PLENTY

## It's quieter these days in NEW YORK CITY

Every week, more and more acoustical ceilings of Armstrong's Cushiontone® are installed in America's largest city. In offices, stores, shops, and institutions throughout New York City, Cushiontone is stopping noise permanently.

There's Cushiontone in the Bigelow-Sanford Carpet Company, Inc., the Riverside Church of New York City, Bond Stores, Inc., the Gulf Oil Corporation's Foreign Production Division, and numerous other well-known commercial and institutional interiors in the New York area.

Businessmen from coast to coast are sound conditioning with Armstrong's Cushiontone. Cushiontone's noise-quieting efficiency is high. Its cost is low. It is attractive — washable — repaintable — quickly installed.

**Free booklet**, "How to Select an Acoustical Material," gives full details. Write for it. Armstrong Cork Company, 5002 Walnut Street, Lancaster, Pa.



*Cushiontone installed by Hannam & Schede, Inc.*



## ARMSTRONG'S CUSHIONTONE

Made by the Makers of Armstrong's Linoleum and Asphalt Tile



**HEAD MAN** at International is President Byron A. Gray. He has been with the company for 40 years.

International pared about 4% off the wholesale price of its shoes, figuring that lower costs were just around the corner. But they never came through. Hides and skins even went up a little. By the end of 1949, International had raised most of its prices back to near where they had been. One reason International jumped the gun on costs: Toward the end of 1948, consumers had begun to return to their prewar seasonal buying habits. The trend didn't start soon enough to stop International from setting a sales record in 1948, \$309-million worth of products. But by last year, the public was doing most of its shoe buying just before Easter, and again in September when the kids went back to school.

• **Tightening Up**—When the industry turned out around 525-million pairs of shoes in 1946 it all but caught up with consumer demand. But International tapped enough demand to keep it in a seller's market until last year. Then it started consolidating operations and closing marginal plants. Retailers began taking their shoes in two big doses, before the two big buying seasons. During the rest of the year, their purchases were mostly for filling in inventory gaps.


That has put the pressure on International to key its production to these peaks. This means lower output from each plant, higher production costs—and accounts for the sharp drop in earnings from 1948's \$13-million plus to 1949's \$7.6-million.

• **Optimism**—This year will be a different story, company officials figure. They are looking at 1950 with optimism. They don't expect to break their 1948 record, but they think they ought to do better than last year, mostly because



# **TORRINGTON NEEDLE BEARINGS**

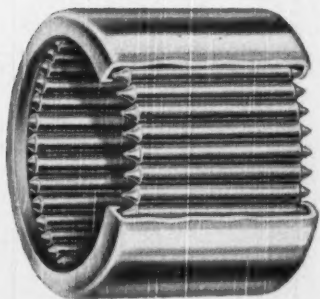
**give maximum  
load distribution**



Torrington Needle Bearings distribute radial loads over a greater bearing area than any other type of anti-friction bearing of comparable size.

This unique engineering feature of Torrington Needle Bearings assures maximum load capacity for any given housing or shaft size.

Where you encounter high load conditions with fixed or rigid space limitations, you will find the Torrington Needle Bearing specially engineered to give you this and other important advantages. Why not discuss your problem with our engineers? They'll be glad to help you.



## **THE TORRINGTON COMPANY**

Torrington, Conn. • South Bend 21, Ind.

District Offices and Distributors in Principal Cities of United States and Canada



# **TORRINGTON *NEEDLE* BEARINGS**

NEEDLE • SPHERICAL ROLLER • TAPERED ROLLER • STRAIGHT ROLLER • BALL • NEEDLE ROLLERS



## CUT ACROSS THE MAP AND CALENDAR

T.P. & W.

Routing shipments over T.P. & W., you cut directly across the map (and calendar)—avoid big-city congestion—save terminal handling charges!

Locate for Plant-Security on the Modern T. P. & W.!

Any one of a dozen hustling towns on the up-and-rolling, Dieselized T.P. & W. is eager to go "plant-courting"—has ready a pool of dependable labor and choice plant-sites. Locate here for plant-security, far from big-city confusion and high costs!

### TOLEDO, PEORIA & WESTERN RAILROAD

Peoria, Illinois

Prompt T. P. & W. shipping and plant-locating information on your request!

## PERSONAL

to the

389

Washington, D. C.

TRAVELERS

Who visit  
us  
regularly!



We appreciate your visits... and we would like to show you... and your friends that our newly-decorated rooms, delicious food and superior service are even better now! Coming back soon?

# Skirvin HOTEL

Dan W. James, Pres.

OKLAHOMA CITY, OKLA.

Hospitality Heart of the State.  
600 rooms from \$3.50!



TANNERY at Wood River, Ill., uses big drums to turn hide into leather for uppers. International operates seven other tanneries around the country.

they are getting adjusted to this seasonal kind of operation and to postwar competition.

• **Internal Competition**—But International doesn't compete only with other shoe makers. It generates plenty of competition just among its own general sales divisions. There are four of them: Roberts, Johnson & Rand; Peters; Friedman Shelby; and Sundial Shoe Co. The first three handle the production from all plants except those in New Hampshire. Territory of each includes most of the U.S., except for parts of the Northeast in which Sundial operates.

Each division has exclusive sales rights on a number of International's brand names. With this kind of setup, International can sell shoes to three different retailers in the same town. But the divisions don't move into each other's stores very much, so each retailer carries brands that his competitors don't have. That way nobody has any complaints.

In addition International has 10 specialty divisions that sell one brand each to stores not sold by the general divisions. An export division accounts for about 2% of International's annual sales. Each one of these divisions has its own sales, styling, and merchandising sections.

• **Dealer Help**—While International doesn't operate its own retail outlets—except for a few experimental ones—most of its divisions keep some control over merchandising by a consulting service for retailers and prospective dealers.

The biggest of the general sales divisions, Roberts, Johnson & Rand, will supply everything needed to open a store, from architects' drawings to the exact number of fitting chairs, based on anticipated sales volume. RJ&R will

even supply the fixtures, chairs, signs—plus a complete stock-control system that will tell you each day whether you made money, and on how much volume.

If you already own a store, RJ&R will work out a budget for you, based on your previous year's sales. The division has 14 field men on the road who act as consultants for customers. Division officials say they give customers everything that any auditing firm can offer.

About 28,000 retailers handle International's brands. They sell close to 55 million pairs all over the U.S. and in 30 other countries. Prices range from around \$2 a pair for some types of fabric casual shoes to \$16.95 for top priced men's dress shoes.

• **Pittsburgh Spades**—Many of International's 5,000-odd styles are special types sold only in a single region or to one occupational group. In Pittsburgh, for instance, men go for a style called "Pittsburgh spades" with a flaring effect in the soles. In the Northwest, International sells a lot of a model with especially thick soles.

These styles don't seem to go over very well in other parts of the country. Besides these, the company makes special boots for loggers and other special trades and sells \$6-million a year worth of steel-toed safety shoes for general industrial work.

• **700 Salesmen**—International itself employs about 35,000 workers, 700 of whom are on the road selling. The rest are scattered all over the country—in the front office at St. Louis and in tanneries, heel and sole plants, machine shops, and even a last-remodeling plant.

International makes more of its own materials and supplies than any other shoe maker, but it likes to buy at least some supplies from outside the company as a check on its own efficiency.

## Dams for Afghans

Morrison-Knudsen happily tackles these and any other heavy construction jobs over the world.

When plans for the Hoover Dam were announced in 1930, contractors were staggered. Even the largest breathlessly agreed that they weren't prepared to handle such a tremendous project. Then Harry W. Morrison (cover), president of the Idaho firm, Morrison-Knudsen, had an idea. If the job was too big for one company, why couldn't several combine forces?

The upshot was an agreement which made engineering history. Sparked by Morrison, six competitive companies were welded into one working unit. They were: Morrison-Knudsen, Utah Construction Co., J. F. Shea & Co., Pacific Bridge Co., MacDonald & Kahn—plus Henry J. Kaiser Co., who joined up with W. A. Bechtel Co. to make the sixth. For many of the companies, Hoover Dam was their springboard to big time.

• **The Sun Never Sets**—Today Morrison-Knudsen is one of the biggest companies in the heavy construction field. The sun never sets on M-K construction.

This week, as Harry Morrison flew into New York to attend the Moles annual award dinner, he had tucked in his pocket a contract typical of the kind that has kept his engineers hustling around the world. It was from the Afghan government, and it authorized Morrison-Knudsen to continue its work on a vast storage dam and irrigation project in Afghanistan. It had just come through last week, thanks largely to a \$21-million Export-Import Bank loan granted the country.

• **Alaska to Ceylon**—But the Afghan project is just one of hundreds. Among others, M-K engineers are working on a \$15-million rehabilitation project for Alaska R.R.; a \$15-million hydroelectric development and \$10-million railway project in Brazil; a \$10-million dam in Ceylon. With International Bechtel, Inc., M-K is participating in \$200-million worth of oil and public works projects in Saudi Arabia. With Peter Kiewit & Sons, M-K has participated in \$70-million projects in Honolulu and Guam.

Morrison says that the possibilities for foreign business are staggering. But he has to turn down major contracts daily because he can't supply the demand for American engineers.

• **At Home, Too**—In addition to its foreign operations, M-K has a raft of projects at home, too. Among its biggest individual contracts are: a \$4-million

strip for action...

**FOLLANSBEE POLISHED BLUE STRIP** will give you real action in the production-line because it's furnished in coils for feeding right into your automatic machines. For the utmost efficiency and economy in continuous operations try this superior Follansbee Polished Blue in coils—the distinctive color is a real asset in any product.

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plant at the Atomic Energy Commission's Hanford (Wash.) works; a \$16-million hydroelectric development for Pacific Gas & Electric Co.; and another \$15-million hydro project for the Idaho Power Co.

Among M-K's major domestic joint-contract ventures are: the \$14-million Boysen Dam and power plant on the Big Horn River for the Bureau of Reclamation; the \$13-million Coulee Dam pumping plant; a \$22-million flood control project on the White River in Arkansas for the Corps of Engineers.

Under its individual and joint ventures with other companies, M-K in 1949 participated in approximately \$84-million worth of business. Of this, \$45-million was completed under exclusive contracts to M-K.

• **Good Shape**—Although heavy construction is notoriously a risky business, M-K ended up 1949 in the most liquid of states. Its cash on hand totaled nearly \$8-million, and it had no bank loans or equipment purchase notes outstanding. (This was quite a contrast to the end of 1948, when M-K had outstanding liabilities of nearly \$9-million.) Preaudit accounting indicates that in 1949 the parent company earned some \$7.8-million before taxes. After allowance for taxes and reserves, M-K's net income will come to around \$5-million—compared to \$4-million for 1948.

Some 66% of the common stock (it's traded on the San Francisco stock exchange) is owned by people who work for M-K.

• **Personal Touch**—In fact, Harry Morrison tries to keep just about all his far-flung operations on a personal basis. He still maintains his headquarters in Boise, Idaho. But at any given week it would be hard to find him in town.

Morrison's methods are almost legendary in the construction business. He attributes much of his success to efficiency. When standard equipment won't do the job, M-K engineers devise something that will. Shortcuts are Morrison's bible.

• **Early Days**—Harry Morrison and the late Morris H. Knudsen (pronounced ka-nood-sen) started out in business on a shoestring in 1912. At the outset they tackled canals, dams, roads—anything they came across. They did their part on small reclamation projects which helped change the sagebrush wastes of Idaho into rich farm land. After about ten years they got brave and began to bid on railroad construction. And after the Hoover Dam, M-K really stepped out.

Just before the war, M-K participated in a group known as Contractors, Pacific Naval Air Bases. Many an M-K man died or spent months of hell in Japanese prisons. During the war M-K built some \$30-million of Alaskan bases.

## READERS REPORT:

### Beware Armed Robbery

Sirs:

The Brink's robbery points up one weakness common to all forms of protection—a relaxation of standards as time goes by.

The Brink's plan for security would have been adequate if the original standards had been maintained. When the amount of money Brink's handles is considered, robberies have been very few. But the job of protecting large amounts of money, like any other job, gets to be routine. This will disarm more than any criminal can.

The proper precautions take time. They slow down operations and cost money. Unless a constant check is made on safeguards, loopholes begin to appear. It is often easier for an outsider to observe these weaknesses than it is for the people who are in daily contact with the procedure. If this outsider is a criminal, a robbery may result.

The protection of large amounts of money often becomes subordinate to the physical handling of that money. For example, payroll clerks will short-cut certain security practices to achieve speed. Executives may not change the keys to important doors or the combinations on safes as frequently as they should. An accumulation of these practices makes any business wide open to a clever bandit.

These criminals make a full-time job of getting through defenses, while it is only a part of the total problem of an executive. So, every effort must be made to set up proper standards of protection, and, as this case points out, it is essential to maintain these standards by having them constantly checked by experts.

In any system of protection, the human element is usually the weakest link in the chain. Properly designed protection devices rarely fail, but they are of no value if an employee does not use them properly. Employee failure is the result of two general causes:

(1) As mentioned above, the employee may by-pass protection devices or routines in order to do the job in a hurry, either because he is pressed for time or simply lazy.

(2) The employee may be dishonest. The honest, but negligent, employee can be discovered by frequent, unannounced checks of protection practices. The dishonest employee is not so easy to discover. A properly-made investigation at the time of employment is a help, but follow-up investigations of key personnel should be routine. For example, an employee who has fallen into debt because he purchased a series of luxury items is not a good risk. The



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<p>† Sirvene molded products are all custom-engineered and custom-built for critical service in aircraft, automotive, and other mechanisms.</p> <p><b>SIRVENE</b></p> <p>COMPOUNDED SYNTHETIC RUBBER</p>		<p>† Sirvis boots, diaphragms and packings are giving dependable service all over the world under difficult operating conditions.</p> <p><b>SIRVIS</b></p> <p>MECHANICAL LEATHER PRODUCTS</p>

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**HIGH UPKEEP**—Quality concrete is so durable that it requires fewer repairs and less maintenance. Concrete stretches your construction dollars. That's because moderate first cost + low maintenance ÷ long life = low annual cost. That's important whether you build a home, a highway or a sewer.



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same character traits that would prompt him to do that, would prompt him to rob you.

The Brink's holdup was a major loss. I believe that it is only a forerunner of major crimes to come. It should present a warning that will result in a general reevaluation of protection methods in all types of business, for while this was a large company and a large loss, a general increase in armed robberies will not be limited to million-dollar crimes.

RICHARD L. HOLCOMB

INSTITUTE OF PUBLIC AFFAIRS,  
UNIVERSITY OF IOWA,  
IOWA CITY, IOWA.

• Professor Holcomb is the author of the handbook "Armed Robbery" (BW—Nov. 19'49, p95). BUSINESS WEEK asked him to point up the morals for businessmen arising out of the million-dollar Brink's holdup and other recent robberies.

## We Doff Our Hat

Sirs:

Here is where BUSINESS WEEK really starts running for its hat. You reported Hat Institute figures on 1949 sales of men's fur felt hats (BW—Jan. 21'50, p68), and while the numerical figures were correct, the simple omission of the one word "dozens" resulted in many queries from your readers regarding what is happening to the men's hat industry. Your article correctly should read, "... 1949 sales of men's fur felt hats came to 1,300,640 dozens."

As for the hat industry, it is doing quite well, thank you. We are all feeling quite bullish about 1950.

E. A. KORCHINOV

HAT RESEARCH FOUNDATION, INC.,  
NEW YORK, N.Y.

## Never Underestimate...

Sirs:

As I read The Trend (BW—Dec. 24 '49, p60) I wondered if there might not be another reason, in addition to "competition," for all—or some—of those business failures. I mean pressure from the home, a pressure so hard for a man to go counter to: He hates to say "No" to his loved ones. Did the loved ones of all those "failures" also fail in their part?

(MRS.) VIANEET MARTIN

COTTAGE GROVE, ORE.

• Enclosed with Mrs. Martin's letter was an excerpt from her column in the Roseburg (Ore.) News-Review:

"When I read the article in BUSINESS WEEK which quotes Dun & Bradstreet as saying that over 8,500 failures were reported during the first 11 months of 1949, it set me wondering about the cause. To be sure, the cause given in





## TEST N° 2

Draw a circle around the correct answer

1. Always take time to answer objections when they occur before continuing with your sales presentation. TRUE FALSE
2. Start your sales presentation with a detailed description of all models available. TRUE FALSE
3. Invite the prospect's opinion on each point of your sales presentation. TRUE FALSE

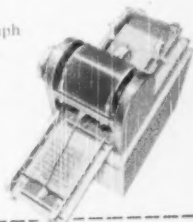
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P A P E R S

the article is: 'Competition is getting heavier.' That is undoubtedly true. This very fine article is one which could be read profitably by any housewife and by adolescent Johnny and Mary, who might decide their dad was pretty good to have kept his head above the troubled waters of business; even get ahead a bit. Maybe they might think a little longer before insisting they just had to have . . . this or that? Let's think . . . of the earner, not the earnings."

**Millions for Manila?**

Sirs:

In the article "Philippines: Free But Shaky" [BW—Dec. 3 '49, p108], you mention that this country is paying to the Philippine government an average of \$300,000,000 annually.

Can you inform me why we are paying any such large amount as this to a country that I judge from your article should be able to take care of itself if properly managed.

FREDERIC W. LA CROIX  
MILWAUKEE, WIS.

• Perhaps it is fair to say that this is national policy—based on the feeling that the U.S. owed it to the Philippines to help repair war damage. Look at it this way: The Japanese attack on the Philippines was really directed at the U.S. Our grants to Manila were to have been cut down drastically beginning mid-1950. But maybe we'll have to continue helping: Serious economic difficulties might make the Philippines more vulnerable to Communism.

**Preventive War?**

Sir:

Your *Trend* [BW—Feb. 4, 50, p104] ignores two other avenues of escape from the dilemma of the Hydrogen-Bomb which, though they may turn the stomach, must be cited in all intellectual honesty.

The first is the initiation, now, of a pre-hydrogen war against the Soviet Union, the aim of which is to destroy its potential for manufacturing the hydrogen weapon and bring to power a government which will enter into a pact to outlaw atomic weapons, based on a system of international inspection.

The second is to petition the Soviet Union for admission of the U.S. to autonomous status in the Soviet system, comparable to White Russia, the Ukraine, and Turkestan.

NAME WITHHELD  
BROOKLYN, N. Y.

• The results of both proposals are so identically totalitarian that BUSINESS WEEK would rather see all other alternatives explored first.



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## TAXES

### More Tax Cuts, Fewer Hikes

That's the outlook now. Congress will top Truman in axing excises. But it won't give him his corporate tax increase, or plug all the holes. Gifts and estates may be rejiggered some.

Secretary Snyder spelled out Truman's tax demands to a chilly House Ways & Means Committee last week. Nothing he said about raising corporate and estate taxes kindled any fire.

Only when he talked about cutting \$655-million in excises did the congressmen show any enthusiasm. In fact, Chairman Bob (Muley) Doughton's big problem will be to keep Congress from running wild, axing excises even more and making the revenue loss even bigger.

The reception Snyder got is all the tipoff you need to see which way the committee—and later the House and Senate—is going to vote on these items in the Truman package:

• **Excises**—The Administration won't be able to hold excise cuts just to transportation, luggage, jewelry, toilet goods, furs, and communications. These are the commodities that have had the heaviest lobbying all right, but such items as electric appliances, light bulbs, tires have a lot of backing too.

Once the bill gets out in the open, cuts will be voted amounting to more than \$1 billion.

Here's what Truman is asking for—but he'll get more than he wants:

#### Excise Taxes Truman Wants to Cut

Tax	Revenue Loss	
	Present Rate	Proposed Rate (Millions of Dollars)
Transportation of property . . . . .	3%	6% \$310
Trans. of persons . . . . .	15	10 75
Long distance telephone & telegraph . . . . .	25	15 120
Retail Excises		
Furs . . . . .	20	10 25
Luggage . . . . .	20	10 35
Jewelry . . . . .	20	10 80
Toiletries . . . . .	20	10 50
TOTAL . . . . .		695

Besides these cuts, Truman is also asking for one addition: He wants to include television in the manufacturers' present excise tax on radios. The proposed 10% tax on TV sets would bring in some \$40-million, so the Treasury's net revenue loss would be \$655-million.

• **Corporations**—You won't find many congressmen who will vote today to give Truman his increase in corporate

rates from 38% to 42%. Sure, the Administration threw in as bait elimination of the so-called "notch" provision that would lighten the load on companies in the \$25,000-\$120,000 income range.

The 42% rate would cost the big corporations \$1.2-billion in taxes; eliminating the notch would save the small ones about \$500-million. The Treasury would net roughly \$675-million.

But you break down the saving to the smalls and you find that no one company benefits by more than \$2,750. That's a nice windfall, of course, but hardly lure enough to change many votes on Capitol Hill.

So there'll be no action on corporate tax rates.

• **Estates**—Truman won't get all of the \$400-million more he wants out of gifts and estates. Too many congressmen feel the rates are close to being confiscatory already. But to bring in some revenue to offset excise cuts—and thereby avoid a presidential veto—the tax writers may have to come up with some minor rejiggering of rates and exemptions.

Here's what Truman would get—if Congress would go along:

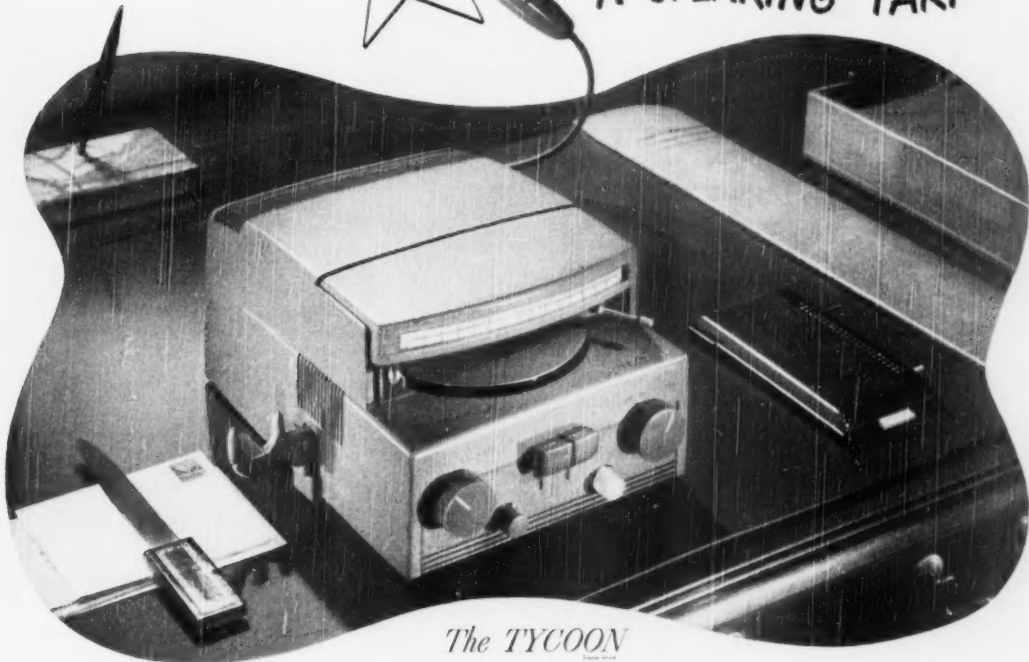
#### How Truman Wants to Increase Estate Tax

Taxable Net Estate (Thousands of Dollars)	Percent	
	Low	Proposed Low
0-\$10 . . . . .	3-7%	10%
10-20 . . . . .	11	13
20-30 . . . . .	14	16
30-40 . . . . .	18	19
40-60 . . . . .	22-25	22
60-100 . . . . .	28	26
100-150 . . . . .	30	30
150-200 . . . . .	30	33
200-400 . . . . .	35	48
400-1,000 . . . . .	39	60
1,000-2,500 . . . . .	49	72
2,500-5,000 . . . . .	63	77
5,000 and over . . . . .	77	77

• **Loopholes**—Congress will write permanent regulations to tax insurance company investment incomes to bring in from now on something like the \$90-million that stopgap legislation will provide this year.

But Congress won't do much with income of charitable and educational trusts—except to crack down on outright evasions. Why? On one hand you have the bloc that won't touch charitable nonprofit concerns unless cooperatives catch it too; on the other,

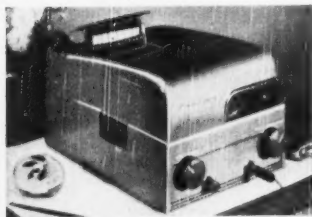
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• **Prospects**—So what you have in prospect—say sometime in May or June—is a tax bill that would bring in some \$590-million via new estate taxes and loophole plugs against a \$1-billion or more loss in excise revenue. It wouldn't fill the presidential bill, but it might just miss a presidential veto.

## TAX BRIEFS

**Special uniforms** of policemen, nurses, trammies, etc. are now considered deductible as business expenses. Only string: The Bureau of Internal Revenue insists that the uniforms be unsuitable for off-duty wear.

A court test of the federal law that helps states collect taxes on cigarettes mailed from other states is scheduled for some time this spring.

**Municipal facilities**—such as bathing beaches—are subject to federal admissions taxes, if the local government collects an entrance fee. The Supreme Court has just ruled that such taxes are legal even though the facility is not operated for profit.

A tax treaty is in the works with Argentina. Like the ones signed with six other foreign countries, the pact will reduce multiple income and estate taxation.

A taxpayer's signature—instead of a notarized oath—is all that is now necessary for the formal verification of a tax return. The Tax Administration Act of 1949 makes a false statement in a signed return an act of perjury.

**Residence abroad** for a full taxable year isn't the only qualification needed for a U. S. income-tax exemption. The Tax Court has just held that clear intention to make one's home in the foreign country is also necessary.

**New formula** for taxing investment income of life insurance companies (BW—Dec. 41 '49, p. 45) has passed the House. The new schedule will net the Treasury more than \$90-million this year.

Conservative tinge will stay with the Senate Finance Committee, despite the assignment of Myers of Pennsylvania. Democratic majority is up to 8 to 5, but southerners make the difference.

## Depletion Profit

Income tax privileges for mineral and oil producers are an old story. Despite Treasury, they'll probably stay in law.

For some 50 years now, Treasury officials have fumed while minerals producers reaped large tax windfalls.

The department has repeatedly asked Congress for authority to plug the loophole by putting tax allowances for depletion of underground resources on something like a real depreciation basis. But, up to now Congress has been unwilling to give the tax-collectors all the authority they want. And it isn't likely to be any kinder this year.

• **Old Problem**—The whole problem of depletion allowances arose in 1913 as soon as the first income tax law was passed. The Bureau of Internal Revenue ran smack up against this question: How should capital assets be depreciated?

For plant and equipment, the solution was fairly simple; you could estimate the useful life of these assets and every year salt away some untaxed income to pay for eventual replacement.

Mineral deposits, though, were another story. For one thing, you couldn't say precisely what they held or how long they would last. Besides, special allowances were needed to offset losses on exploration that didn't pan out.

• **First Loophole**—So, in 1916, Congress changed the law to allow minerals producers "a reasonable amount for depletion based on the peculiar circumstances in each case." (The depletion allowance, however, was not to exceed 5% of gross income.)

Under BIR's interpretation, a mine owner had only to estimate his reserves and add up the capital investment in the deposit. Then he could figure the capital cost per ton, multiply by the number of tons sold to get the year's depletion.

• **More Leeway**—But during World War I, when demand for minerals zoomed, producers asked for further relief. They complained that high taxes would leave them to face the post-war period with neither cash nor mineral reserves.

Congress again obliged. In 1918, it set up a new basis for depletion—discovery value. Under this system, a producer, for tax purposes, could use the value of the land during a 30-day period after a find—not the often piddling purchase price—as his capital value.

Inevitably, producers claimed very large discovery values. That was, their capital value per ton or barrel was very



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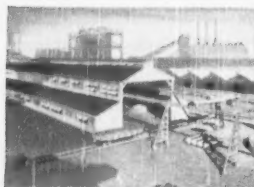
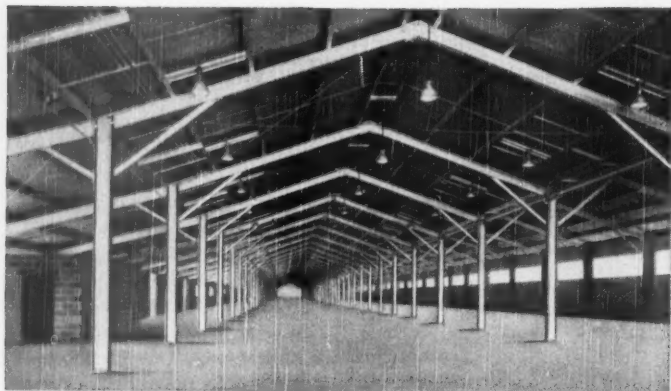
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high—and so was the total tax deduction claimed for depletion.

• **Treasury Complaints**—The Treasury kept needing Congress about the vast sums that were getting away. And from time to time, as need for revenue grew, Congress yielded to the Treasury's demands:

In 1921 Congress limited the depletion allowance that could be taken in any one year on any one property to the total net income from the particular property.

In 1924 the lid was dropped to 50%.

In 1925, because BIR and producers couldn't seem to agree on "reasonable" discovery values, Congress authorized oil and gas producers to deduct 27½% from gross annual sales instead; the figure was a compromise between what the Treasury wanted and what the producers were willing to give. The 50% net income ceiling remained.

In 1932 percentage depletion was extended to metals (15%), coal (5%), and sulfur (23%).

Since 1942, percentage depletion has been granted to a flock of non-metals, too—at 15%.

A major Treasury objection to the tax code as it is written today is the permission granted producers to deduct percentage depletion even after 100% of invested capital has been retrieved in tax savings. In a lot of cases, total tax-free recovery eventually amounts to many times the original investment.

Another Treasury objection: The code lets a producer treat development costs—exploration and drilling—as current business expenses. So producers get double deductions for capital outlay—once in the form of a depletion allowance and again as a current expense.

• **Lost Revenue**—A Treasury survey shows that firms accounting for three-fourths of corporate depletion allowances:

(1) Took depletion of \$555-million in 1946 and \$839-million in 1947—and that only 10%-15% of these amounts was needed to cover original investment cost.

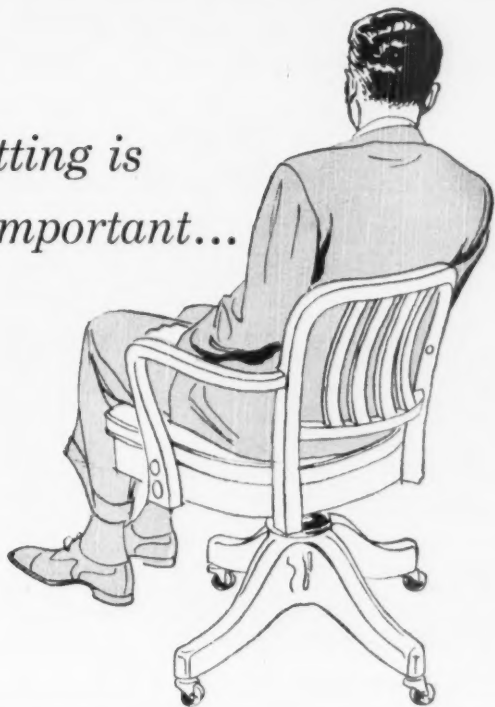
(2) Avoided \$180-million in taxes in 1946, \$290-million in 1947.

(3) Deducted \$600-million in 1946 and \$741-million in 1947 for exploration and development losses and abandonment costs.

• **Snyder's Plan**—The program which Snyder laid out before the Ways and Means Committee last week wouldn't eliminate this sort of situation entirely. The schedule of rates proposed (5% for coal, 15% for all other eligibles) would, however, cut heavily into windfalls and net the Treasury about \$200-million a year in new revenue.

But it probably won't be adopted this year.

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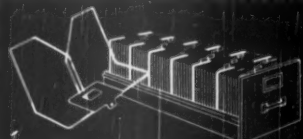
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## FINANCE

**1949 vs. 1948: Profits Dropped More Than Sales**

	SALES		% Change		PROFITS	
	1949	1948			1949	1948
Air Reduction Co.	\$89,529	\$94,856	- 5.6%	- 4.0%	\$6,198	\$6,458
Armour & Co.	1,848,280	1,879,675	- 1.7		558	D1,965
Atlantic Refining Co.	N.A.	N.A.		-23.7	27,210	35,657
Bendix Aviation Corp.	182,674	162,496	+12.4	- 1.7	11,087	11,281
Bethlehem Steel Corp.	1,266,843	1,312,550	- 3.5	+ 9.9	99,284	90,448
Black & Decker Mfg. Co.	24,544	25,568	- 4.0	-42.8	1,626	2,840
Bristol-Myers Co.	N.A.	N.A.		+37.2	2,715	4,325
Burlington Mills Corp.	263,498	288,162	- 8.6	-41.7	18,218	31,220
Carrier Corp.	46,209	54,456	-15.2	-32.3	1,835	2,710
Caterpillar Tractor Co.	254,872	218,038	+16.9	+36.8	18,835	13,773
Celotex Corp.	38,362	54,190	-29.2	-71.3	1,949	6,785
Chain Belt Co.	25,381	28,780	-11.8	-21.8	2,378	3,042
Cherry-Burrell Corp.	24,032	28,574	+15.9	-89.9	96	953
Colonial Mills Inc.	35,198	44,063	-20.1	-57.4	3,733	8,757
Cook Paint & Varnish Co.	27,381	29,700	- 7.8	-25.8	1,607	2,166
Dayton Rubber Co.	23,528	27,328	-13.9		D83	744
Devo Corp.	7,950	13,428	-40.8	-56.7	740	1,710
Dresser Industries, Inc.	80,630	108,637	-25.8	-56.2	3,525	8,038
Emerson Electric Mfg. Co.	29,291	28,402	+ 3.1	-59.0	597	1,457
Firestone Tire & Rubber	579,606	633,858	- 8.6	-35.6	17,824	27,674
General Motors Corp.	N.A.	N.A.		+36.4	E600,000	400,000
General Shoe Corp.	76,834	77,955	- 1.4	- 8.5	2,416	2,640
Glidden Co.	160,143	202,319	-20.9	-33.3	6,192	9,277
Harrisburg Steel Corp.	N.A.	N.A.		-61.2	410	1,056
Hooker Electrochemical Co.	21,822	23,676	- 7.8	-12.5	2,561	2,926
Inland Steel Co.	347,593	394,713	-11.9	-35.2	25,014	38,607
International Harvester Co.	908,910	945,486	- 3.9	+10.0	61,270	55,679
Island Creek Coal Co.	N.A.	N.A.		-39.5	3,950	6,528
Johns-Manville Corp.	162,581	173,458	- 6.3	- 6.9	14,369	15,440
S. H. Kress & Co.	163,923	165,367	- .9	-21.7	10,048	12,839
Liggett & Myers Tobacco Co.	557,733	556,507	+ .2	+ 1.0	29,567	29,261
Lone Star Cement Corp.	63,966	54,576	+17.2	+26.3	9,792	7,755
Monsanto Chemical Co.	165,925	161,609	+ 2.7	- 4.5	17,236	18,042
Mullins Mfg. Co.	34,165	47,415	-28.0	-54.8	2,901	6,418
National Biscuit Co.	294,420	296,250	- .6	- 4.6	21,677	22,714
Oliver Corp.	101,341	103,310	- 1.9	-22.3	6,141	7,906
R. J. Reynolds Tobacco Co.	746,345	724,921	+ 3.0	+16.9	40,454	34,617
Rice-Stix, Inc.	47,018	50,174	-16.3	-51.2	1,104	2,262
Servel, Inc.	41,204	71,071	-42.0		D642	5,436
A. G. Spalding & Bros.	20,967	23,359	-10.3	-38.5	945	1,536
Sterling Motor Truck Co.	6,150	8,652	-28.9		D97	327
J. P. Stevens Co.	277,534	287,258	- 3.4	-36.5	17,795	28,015
Sun Oil Co.	N.A.	N.A.		-41.3	25,178	42,854
*Swift & Co.	2,313,160	2,361,114	- 2.0	- 7.4	*25,826	*27,889
Union Bag & Paper Corp.	55,489	76,530	-14.4	-45.0	7,487	13,608
Union Carbide & Carbon Corp.	595,206	640,014	- 7.0	- 3.1	99,210	102,335
U. S. Leather Co.	20,030	26,365	-24.0		D642	503
U. S. Steel Corp.	2,302,443	2,481,509	- 7.2	+28.0	165,959	129,628
Ward Baking Co.	80,290	86,077	- 6.7	-13.9	3,173	3,685
W. Virginia Pulp & Paper Co.	88,441	93,243	- 5.2	-16.9	9,015	10,842

N.B. All figures given in thousands of dollars. N.A. Not available. \* Before special charges.

D Deficit. E Company estimates



## Creative Package Engineering

### Good But Spotty

Estimated 1949 corporate earnings dropped 21% from 1948 after taxes. But it was still the third best year on record.

Business closed its 1949 books with a sigh of relief and disappointment. Relief, because the general picture was a lot better than expected. Disappointment, because a spot check of the preliminary earnings reports (tabulation) shows that probably not more than one out of every five companies had higher profits in 1949 than in 1948.

• **How Much?**—How much did corporate profits drop last year?

It's still too early to tell exactly. But President Truman's Council of Economic Advisers think they have about the right answer. The council says:

(1) All corporate earnings, before taxes, in 1949 probably dipped to around \$27.6-billion—some 20% under 1948's \$34.8 billion, some 13% under the 1947 figure.

(2) Total corporate profits, after taxes, probably added up to no more than \$16.7-billion; that's about 21% less than 1948's record-breaking \$21.2-billion, and some 13% less than in 1947.

• **Still Good?**—These estimates are chilly enough. But from another angle, the figures look less bleak—the over-all figures, that is.

Actually, with all the drop in earnings, 1949 turned out to be the third most profitable 12-month period business generally has ever known. Only 1948 and 1947 made a better showing. And 1949 earnings proved about twice as large as those of 1929, the most profitable year corporations had ever experienced before wartime.

• **Why the Spots?**—These are some of the aspects of the earnings picture that you don't want to miss: the spotty nature of last year's showing, for one. And particularly the fact that only one out of five corporations reported greater profits in 1949 than in 1948. For this selectivity was the result of some important factors that are likely to affect the earnings of many an individual company from now on.

Further economic changes, which might hurt the operations of some corporations, pass others by.

Continuing high labor costs and high break-even points: the continuing high cost of some raw materials, the declining costs of others.

Breaks in production lines, caused by



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direct strikes or by strikes in other industries.

The need for many companies to cut prices and to intensify their sales efforts in increasingly competitive markets.

These factors won't strike everywhere with the same impact. They didn't last year. And it looks now as though 1950 earnings will prove just as spotty as 1949's proved.

• **Autos**—Take the case of the auto trade. At first glance, it appears to have come closer to uniform prosperity than any other industry. True, only General Motors has so far given an inkling of the size of its full 1949 earnings. But it is no secret that Chrysler Corp., Studebaker, and others are soon expected to report similar record-breaking performances.

But even that prosperity wasn't as uniform as it looks. Newcomers in the passenger-car business found 1949 an unhappy 12 months.

Faced with the sales advantage that seasoned products enjoy in increasingly competitive markets, Willys-Overland Motors saw its sales drop off 18%, its net profits nosedive 48%, Kaiser-Frazer Corp. did even worse. It dropped a cool \$8.1-million between January and June after a tax carryback credit. Wall Street thinks it may have rolled up a deficit in the neighborhood of \$20-million for the full year.

It was a tough year, too, if you had to depend solely on your production of trucks for a living. While few complete operating reports are yet in from the truck makers, a review of their operations in the first nine months gives a hint of what to expect. In that period, five of eight prominent truck manufacturers went into the red.

• **Steel**—The prosperous steel trade also showed divergent trends last year. And as in the case of autos, it was the biggest, most seasoned units in steel that made the best showings.

Big Steel showed a 28% rise in profits, Bethlehem a jump of almost 10% in net. Republic's earnings stayed about unchanged. National Steel dropped only 2%, and Youngstown net shrank only 8.2%. Earnings of Jones & Laughlin, however, slid off 32.9%, Crucible 63%, Thomas Steel 37%.

In many other important industries you'll see a picture very much like the auto and steel showing—in the chemical, building supply, auto parts, and electrical equipment fields, for example. And profits of many of the smaller industries varied just as widely.

As an illustration, take the printing press business. One leader in that field—R. Hoe & Co.—last year showed a gain of 7% in sales and of 17% in earnings. On the other hand, Harris-Seybold Co., another important factor in the business, saw its gross drop off

19%, its profits decline 28%, between last July and December, the first half of its 1950 fiscal year.

• **Ups and Downs**—It's true that in several trades profits kept a more even keel. The cigarette manufacturing business is one. In that field individual profits definitely slanted upward.

And there were trades, too, where profits took a similarly universal slant—only down. In the paint, oil, tire and rubber, and textile industries, profits of virtually all companies dropped quite substantially under 1948 levels.

In many cases, it took only relatively minor drops in the dollar volume of sales last year to shrink net earnings quite sharply. This indicates that in many lines, at least, there's still a lot of work to do on a big job: bringing break-even points down to levels more commensurate with highly competitive marketing conditions.

• **Look Ahead**—What's the outlook for profits in 1950?

Good generally, Wall Street's analysts report. And most stock market investors and traders appear just as hopeful, judging by the encouraging behavior of security prices (page 88).

Not that the market observers expect corporate profits as a whole to rise much above 1949 levels this year. In fact, they are rather reconciled to a further drop—perhaps anywhere from \$1.7-billion to \$2.7-billion below 1949 earnings.

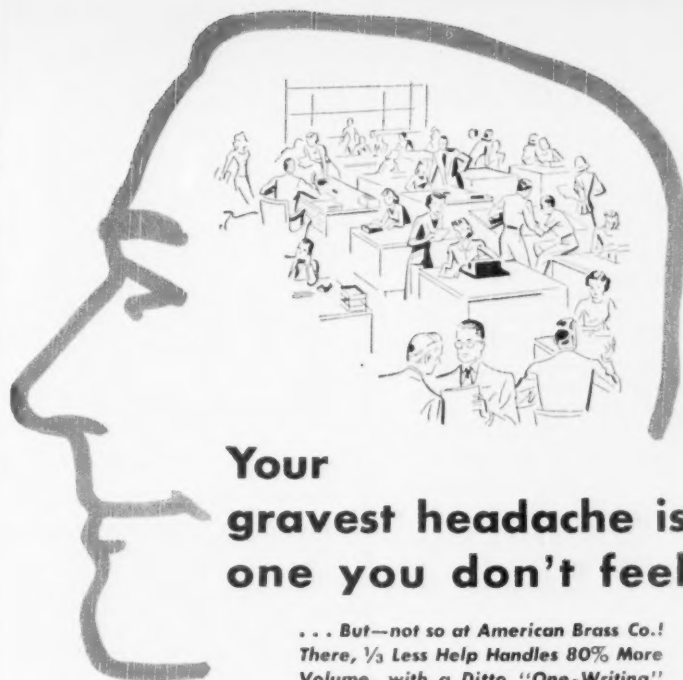
But the feeling seems to be that many trades have already suffered most of the profit readjustment they were due for in the postwar period; that earnings of a good number of companies should head upward again this year or, at the worst, slip only a little from their 1949 levels.

Apparently a large segment of corporate management shares this optimism, if the number of companies that increased their dividend payments in 1949 is an indication (page 89). Last year such disbursements on New York Stock Exchange-listed common stocks rose about 10%.

## PACIFIC POWER FIGHT ENDS

The Securities & Exchange Commission has finally approved an all-cash offer of \$16.1-million by an investment syndicate to buy the common stock of Pacific Power & Light Co. (BW—Jan. 21 '50, p. 26).

The successful syndicate is primarily a reshuffle of the original group of investment firms and companies that was headed by Van Ingen & Co., Inc., of New York. It's now headed by A. C. Allyn & Co., Inc., and Bear, Stearns & Co., also of New York. Robert Young's Alleghany Corp. has increased its participation from 22% to 24% of the shares.



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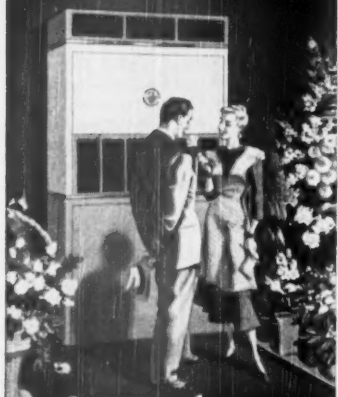
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## The Movies: Postwar Slump

	Earnings for Fiscal Years				Interim Earnings	
	1939	1946	1947	1948	1948	1949
Columbia.....	\$2	\$3,450	\$3,707	\$565	.....	\$1,008*
Loew's.....	9,842	18,692	11,626	5,310	.....	6,745*
Paramount.....	2,738	39,199	28,011	22,569	**	**
RKO.....	186	12,188	5,086	504	D356†	1,919†
Republic.....	1,061	1,098	570	D546	63††	730††
20th Cent.....	4,147	22,620	14,004	12,509	9,120†	8,200†
Universal.....	2,253	9,196	6,745	D3,163	.....	D1,126*
Warner.....	1,741	19,425	22,095	11,837	.....	10,467*

\* Earnings for full fiscal year. \*\* Company split on Dec. 31, 1949 into Paramount Pictures Corp. and United Paramount Theaters, Inc. No report has been issued for fiscal 1949. † 39 weeks ending Sept. 25, 1948, and Sept. 24, 1949. †† 39 weeks ending July 24, 1948, and July 30, 1949. D—Deficit.

## Hollywood Shakes Its Slump

Earnings have turned up—even though they're far below the first postwar years. Biggest reason: Production costs are down about 25%. TV and antitrust splits are main problems now.

Hollywood has adjusted its once-lush style of living to fit the size of its postwar pocketbook. The result: Profits look a lot better, even though they're far below the level of 1945-46 (box, above).

The question now is whether the industry will be able to lick its long-range problems. Wall Street analysts aren't placing bets one way or the other.

• **Costs Cut**—On the bright side, one thing stands out: Movie makers have been able to slash production costs by 20% to 25% below what they were two years ago.

In 1949, that didn't make as big a splash as it might have. Film companies usually amortize their production expenses gradually—over periods of 13 to 16 months. So for part of last year, the companies were still paying for high-cost pictures they made in 1947 or 1948.

Toward the end of the year, though, most companies had written off their costlier epics. And that made a difference in earnings for the fall quarter.

Warner Bros. Pictures, Inc., for one, has just reported its net for the three months ended Nov. 30, 1949, would top the \$3.1-million it earned in the same period last year. Gross was off. Warner's said, but reduced costs upped profits.

• **Attendance**—Hollywood had to slash costs because it couldn't hold onto its big wartime audience. Box office estimates differ. But they all agree that the trend has been downward from the peak of 1946.

According to the estimates of Audience Research, Inc., movie attendance in 1947 dropped 3% below 1946. In

1948, attendance dived 13% below 1947. Last week, Audience Research estimated that movie attendance in 1949 averaged 62-million weekly, 9% below 1948.

The obvious reason for the postwar drop in attendance is the increasing competition for the moviegoer's time and money. Some movie analysts believe there's another factor: The industry is gradually losing its older patrons because of poor films. A survey by Film Daily found the average age of moviegoers was about 19.

Other, more optimistic, analysts point out that 1949 attendance was still way above prewar levels. Audience Research estimates 544-million weekly attendance for 1940, about 13% below 1949's attendance. And tickets cost about 60% more now than they did in 1940.

• **No Immediate Danger**—Except possibly Universal Pictures Co., Inc., Hollywood is in no immediate danger of operating at a loss. And in spite of the low earnings of the last couple of years, its cash position is a lot better than it was prewar (BW—Jul.23'49, p52). War earnings have gone to pay off debts and to build up working capital.

But the industry still has several long-range problems to solve. This year may come up with some preliminary answers.

**Problem No. 1:** What will happen to the new companies set up as a result of the government's antitrust suit (BW—Mar.19'49,p98)? Paramount Pictures, Inc., has already split into production and theater companies. Radio-Keith-Orpheum Corp. must separate by May. Warner and 20th Century-Fox Film

Corp. are negotiating now with the Justice Dept. Only Loew's, Inc., has decided to carry on with the 11-year fight.

Over the past ten years, all these companies made about 75% of their net out of the earnings of their theaters. Cut off from this take, the new production companies will have to trim in every possible way to stay in the black. Hollywood believes they can do it, but some Wall Streeters aren't so sure. They feel the production end of the business has an innate tendency toward extravagance that will get it into trouble later on.

**• Justification**—You can find some justification for the skeptics' stand if you compare 1947-48 earnings of the three production companies—Columbia Pictures Corp., Republic Pictures Corp., and Universal—with those of the majors. The three took a much worse beating than the integrated majors.

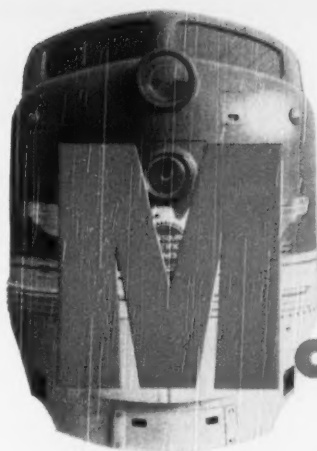
Of course, there is a chance the production-distribution companies may be able to jack film-rental charges now that their theaters are gone. The reason: There will be more competition between theater chains for good pictures. Bidding of the chains could well boost the price for pictures.

**Problem No. 2:** Will TV cut a big slice out of movie attendance? Any number of unofficial surveys have been made. They show a loss of anything from 0% to 60% in attendance by set owners. Some observers maintain that movie-going returns to normal after the set's novelty wears off. They say that movie attendance in cities such as New York, where TV is already well established, has dropped no more than in the places video hasn't yet become a household fixture.

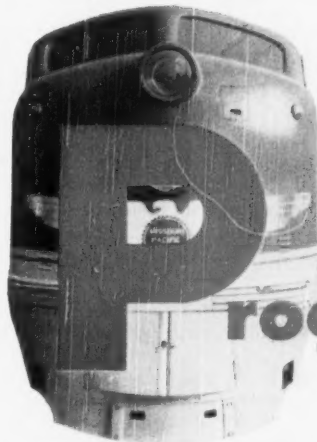
In the long run, though, some people believe TV will rob the movie industry of whatever depression-proof characteristics it may have. Although TV might not hurt attendance much in good times, a depression might keep set owners glued to their parlors—and away from the box office.

**• Good and Bad**—The movie industry still feels it can turn TV to advantage. Theater chains have already started using large-screen video to draw crowds for big news events. Further, televised "trailers" of new films could stimulate theater attendance. And since TV uses a lot of film programs, the production companies believe they have a big potential market.

Still, you can find those who say that "trailers" would do more harm than good if used to plug mediocre pictures. And there is doubt that the big producing companies could gear themselves to produce low-cost films for TV in competition with small independents. Expensive feature films would have to be sponsored to be profit-



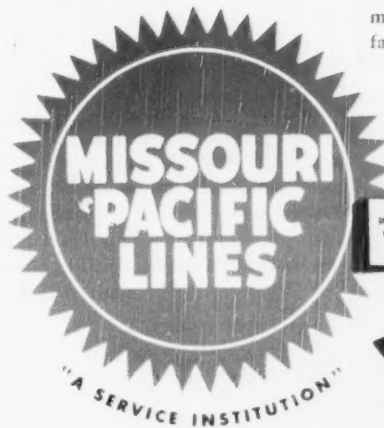
Modern



Progressive

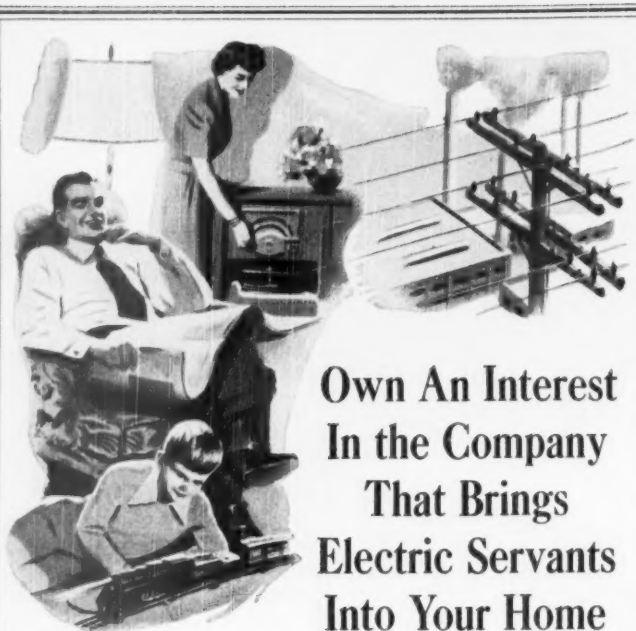
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able—unless there was a way to charge people for seeing them.

• **Foreign Slump**—Hollywood is already pretty well resigned to a decline in its foreign markets. Today, about half of its foreign sales are made in Great Britain. Under the present Anglo-American agreement, due to expire this June, the companies can take out only \$17-million a year in earnings. The rest of their profits have to stay in blocked accounts. During 1949 they spent about \$20-million within the sterling area out of these accounts. Devaluation further shaved the value of their holdings by about a third. By year's end, the companies had about \$7-million left.

• **Border Deals**—The film companies and their foreign trade association, Motion Picture Export Assn., have worked out many perfectly legal "border deals" to unfreeze these blocked foreign currencies. For instance, the MPEA recently contracted with a foreign syndicate to build a ship in Sweden. About 7.2-million kronor (about \$1.4-million) will be spent to build the ship, which will then be sold for about \$1-million in New York. Getting the money out is worth the loss on the deal, MPEA figures.

Another arrangement calls for an American Catholic group which maintains an Italian seminary to turn over \$1.3-million in contributions collected in the U.S. In return it gets a favorable ratio of frozen Italian lire—750 lire to \$1. Other deals have involved Finnish-printed Bibles, Norwegian wood pulp, Italian marble.

• **Recipe**—What is Hollywood doing about the feeling that films are getting worse? What is it doing to make better pictures? The big money-making films in 1949 were war pictures and racial dramas. The recipe for the future seems to be a mixture of themes that have been taboo up till now, plus the old standbys—musicals, westerns, and escapist plots.

Physical diseases right now seem to be the favorite theme of the "something different" crowd. Columbia is leading with *No Sad Songs for Me* (cancer); Stanley Kramer is doing *The Men* (paraplegics); Eagle Lion is shooting *Never Fear* (polio).

The Negro problem will show up again in Darryl Zanuck's production for 20th Century of *No Way Out* (Negro internes). Dore Schary, Warner production chief, will produce *The Next Voice You Hear*, a story about a man who heard the voice of God. Jerry Wald is just completing *The Glass Menagerie*, an adaptation of a Tennessee Williams play.

• **Sex and Action**—At RKO, though, Howard Hughes is doing his best to avoid a "message." He will stick to love, adventure, and sex.

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## FINANCE BRIEFS

Greater regulatory authority over interstate gas-pipeline companies is being sought by the Federal Power Commission. FPC asked Congress to enact legislation giving it authority to regulate issuance of new securities by gas-pipeline companies.

More of the same: FPC may further widen its authority by demanding competitive bidding on all security issues under its jurisdiction. The commission is considering changes in its rules and practices now. So far it has required competitive bidding only on sales of stock to underwriters for subsequent public offerings. Private sales weren't affected.

Trading on the big board came close to 42.6-million shares last month. That's the biggest January total on the New York Stock Exchange since 1946; it's also the best monthly volume since May, 1948.

General Electric will retire, on Apr. 3, \$92.5-million of the \$150-million of 2.55%, 20-year notes it sold in 1946. That will leave only \$50-million outstanding; \$7.5-million were prepaid last June. Prepayment of the \$50-million, 5-year bank loan GE got in 1946 was completed last December.

Mother Bell last week sold at competitive bidding \$200-million new 21-year, 2½% debentures at an interest cost of only 2.72%. Recoffered publicly on a 2.70% basis, the AT&T issue proved a fast mover.

Detroit Edison plans to refund soon its \$35-million outstanding 3½% bonds due in 1966. It will replace them with a new issue of 2½%.

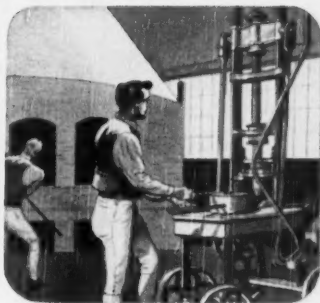
Sagging rail earnings are showing up in dividend payments. Southern Ry. has just cut its quarterly common payment from \$1 to 75¢. Directors of the St. Louis-San Francisco Ry. put off any common-dividend action until May 25. Last year they paid a \$1 dividend on Mar. 1.

Georgia liquor taxes in fiscal 1949 gave the state about \$9.5-million of income, its cities and counties another \$4.2-million.

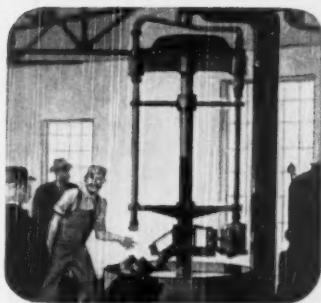
Philadelphia Transportation Co. (BW—Nov. 12'49, p86) failed to earn its full interest charges by about \$2.4-million in 1949. Based on current wage rates, riding levels, and fares, the company estimates a \$500,000 gap this year.



**1** 1621—Glass was money! America's first glass factory was actually a mint—not for the manufacture of coins but to make glass beads for use as money when buying land, food and furs from the Indians.



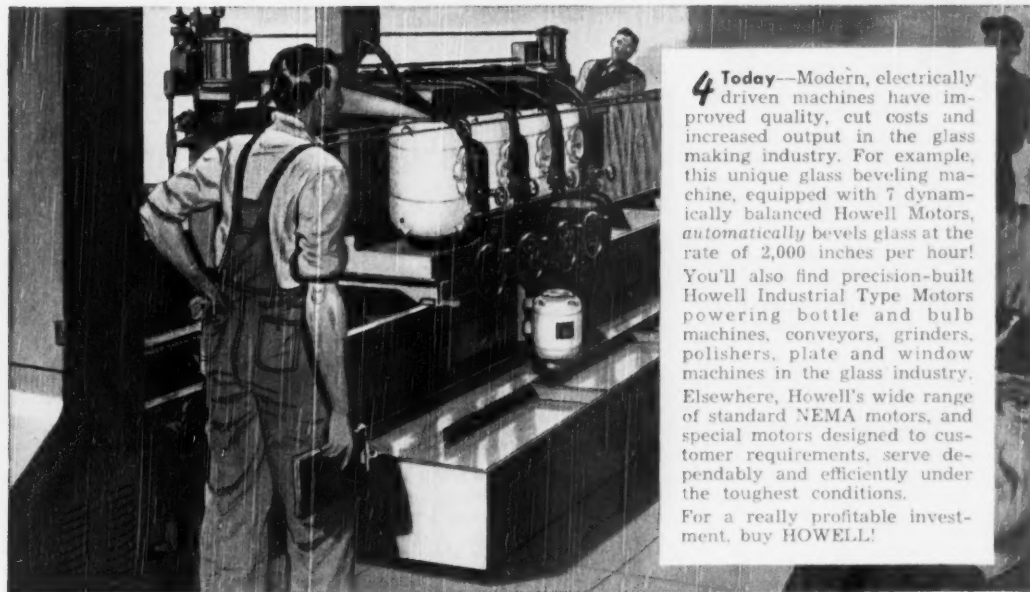
**2** 1827—Blown glass was the rule until Enoch Robinson, a carpenter, figured glass could be pressed into shape... the glass pressing machine was born. Electricity to power new machines was still to come.



**3** 1899—Owens invented a machine to make bottles as the machine we arrived in glass. By 1915, Howell "Red Band" Motors were making important contributions to this and other industries.

ANOTHER HOWELL SUCCESS STORY

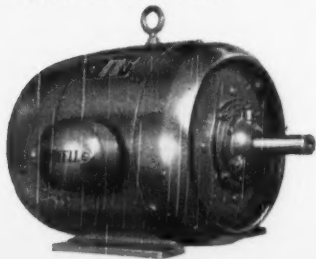
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**4** Today—Modern, electrically driven machines have improved quality, cut costs and increased output in the glass making industry. For example, this unique glass beveling machine, equipped with 7 dynamically balanced Howell Motors, automatically bevels glass at the rate of 2,000 inches per hour! You'll also find precision-built Howell Industrial Type Motors powering bottle and bulb machines, conveyors, grinders, polishers, plate and window machines in the glass industry. Elsewhere, Howell's wide range of standard NEMA motors, and special motors designed to customer requirements, serve dependably and efficiently under the toughest conditions. For a really profitable investment, buy HOWELL!

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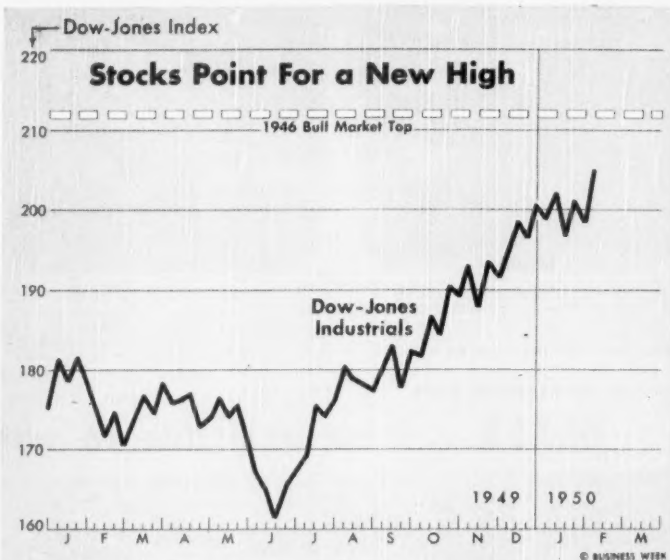
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## THE MARKETS



### Is the Bull Named Ferdinand?

It seems inclined to sit and smell the flowers between 200 and 212. Some traders think the new bull market has already hit its top, others argue it's just waiting to absorb 1946 holdings.

The Dow-Jones industrial average is now within shooting distance of its 1946 high (chart). If it goes through 212.50, that would be another signal that a bull market is on, according to Dow principles—and by far the most impressive signal yet. But few Wall Streeters expect that the average will rise that high in the next few weeks.

About a month ago, the market took quite a spill when the industrial average had risen a bit above the 200 mark. There's a lot of stock to be absorbed between 200 and 212. Although the market made a strong comeback up till

the end of last week, there is increasing belief that some sort of trouble is still in the cards.

• **Top?**—The bulls who express this opinion say that the decline will be temporary—no more than another "consolidation" of the steady rise since June. Bears are declaring that we have seen the final top of this move.

The bulls still argue that the whole trend of events favors a generally rising market this year. They believe that people are turning more and more from liquid savings toward equities, not only because of the higher yields of common stocks but as a hedge against inflation.

• **Young Bull**—If you like technicalities, you can find a couple of signs that the bull market is still in an early stage. Low-grade common stocks have been lagging behind the blue chips (BW—Feb. 4 '50, p. 82). And consumer-goods stocks have been running ahead of capital-goods stocks. In 1929 and 1937, capital-goods stocks began to outpace the consumer-goods shares before the market turned down.

• **Earnings Ratio**—Looking at fundamentals, the bulls point out that in August, 1946, when the Dow-Jones industrials were last selling at about the

### Security Price Averages

	This Week	Month Ago	Year Ago	Year Ago
<b>Stocks</b>				
Industrial	168.7	166.5	166.5	144.5
Railroad	43.3	43.9	44.3	40.3
Utility	85.4	85.2	84.0	68.9
<b>Bonds</b>				
Industrial	102.6	102.2	101.5	97.1
Railroad	86.7	86.8	86.7	87.3
Utility	100.9	100.9	100.6	94.5

Data: Standard & Poor's Corp.



200 mark, stocks were selling at about 17 times current earnings. Today common stocks sell at only about nine times estimated 1949 earnings.

• **But**—Bears retort that bull markets don't get started when the three key industries—steel, autos, and building—have already been running at peak rates for some time. They look for a decline in auto production by summer, expect that decline to affect the steel industry and to fan out to others as well. They point to the drop in capital spending since 1948, a decline which will con-

tinue this year (BW—Jan. 21 '50, p. 73).

The bears are still not impressed by postwar earnings. That's because they feel a substantial part of industrial earnings derive from deferred demands created by the war, demands that are non-recurring.

• **Slow Shift**—On the immediate outlook, some bears concede that the shift of investors from bonds to stocks is definitely supporting the market. But they feel this shift is very slow, won't have enough immediate effect to bring the industrial average up to 212.



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## 1949 Dividend Tally: \$377-Million Higher

Dividend payments in 1949 didn't follow the downtrend of corporate earnings (page 90). Instead, total payments to stockholders moved definitely up—as a look at the common-stock dividend tabulation released last week by the New York Stock Exchange (below) will show.

• **Good**—Dividends on 273, or 27%, of all 1,017 common stock issues listed on the Big Board were hiked in 1949; dividends on another 359, or 35%, remained unchanged; total dividend payments rose some \$377-million, or 9.8%, above 1948 payments.

• **And Bad**—But the table shows other things, too—not so pleasant.

Dividends on 289, or 28%, of the Big Board-listed commons were either reduced or deferred last year. Some 60% of all stock groups covered paid out smaller dividends in 1949 than in 1948. And the major part of the \$377-million gain actually came from only four, or 15%, of the trades represented.

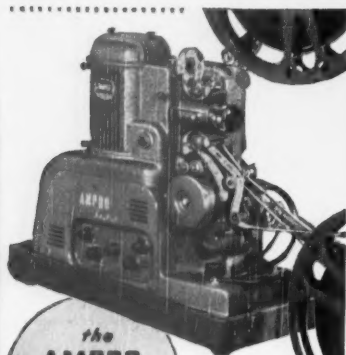
More important still, General Motors Corp. accounted for some 40% of last year's over-all dividend gain (GM upped its 1949 dividend to \$8 from 1948's \$4.50). And 12% was supplied by F. I. du Pont de Nemours, holder of 22.7% of GM's outstanding common shares.

	Number of Issues	Dividend Payers	Dividend Results			Approx. Amount of Dividends (\$000 omitted)		% Change 1949 vs. 1948
			1949	vs. 1948	Higher	1948	1949	
Aircraft .....	24	12	12	5	5	2	\$40,151	\$35,421 -11.8%
Amusement .....	24	17	17	3	5	10	55,956	54,475 -2.6
Automotive .....	69	60	56	27	16	19	338,080	517,792 +53.2
Building trades .....	29	28	28	10	7	11	64,024	70,102 +9.5
Chemical .....	79	74	72	28	38	8	413,510	493,169 +19.3
Electrical equipment .....	20	20	18	6	6	8	91,451	100,712 +10.1
Farm machinery .....	8	6	7	4	3	0	41,731	50,232 +20.4
Financial .....	30	30	30	16	10	4	74,650	81,967 +9.8
Food, beverages .....	68	66	63	17	21	28	224,019	216,356 -3.4
Leather .....	11	10	10	2	3	6	20,476	20,084 -0.4
Machinery, metals .....	102	98	98	27	34	38	166,469	159,802 -3.9
Mining .....	39	34	30	6	11	17	174,199	145,303 -16.6
Office equipment .....	10	9	9	1	4	4	31,993	31,773 -0.6
Paper, publishing .....	35	33	32	7	11	15	75,572	68,506 -9.4
Oil & natural gas .....	45	44	43	17	16	12	481,696	576,224 +19.6
Railroads, R.R. equip- ment .....	82	59	58	11	34	16	230,699	228,599 -0.9
Real estate .....	10	7	7	2	3	2	14,119	14,663 +3.9
Retail trades .....	72	66	65	15	35	16	251,155	246,485 -1.9
Rubber .....	10	9	8	0	4	5	36,856	32,027 -11.5
Shipbuilding, operating .....	11	10	9	1	7	2	15,782	15,620 -1.0
Steel, iron .....	30	35	36	17	10	9	161,883	190,613 +17.7
Textile .....	43	43	43	4	13	26	100,973	83,717 -17.1
Tobacco .....	16	15	15	5	6	4	72,716	79,669 +9.6
Utilities .....	82	71	71	27	39	8	493,458	546,654 +10.8
U.S. gov. oper. abroad .....	25	19	20	5	5	30	74,374	74,364 -0.0
Foreign companies .....	17	14	14	5	6	4	85,000	84,828 -0.2
Other companies .....	17	17	16	9	7	5	26,591	24,768 -6.9
Total .....	1,017	906	887	273	359	*289	\$3,857,453	\$4,234,525 +9.8%

\* Payments were reduced on 258 issues; eliminated or deferred on 34.

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## LABOR



TELEPHONE UNION HEAD Joseph Beirne delays strike 16 days. It's part of . . .

## CWA's Plan: One Big Contract

CIO telephone workers bow to Ching, put off walkout. And they would like a federal fact-finding board to recommend a master contract with one set of terms for all Bell workers.

The White House moved into the coal mines dispute with national emergency strike action this week (page 22). At the same time, its conciliators may have averted—or at least stalled—another national emergency strike by a narrow margin.

Communications Workers of America—flexing its muscles for the first time as part of CIO—had a midweek strike date set for the nation's telephone exchanges. But on the eve of the threatened walkout, CWA bowed to the Administration's conciliation director, Cyrus Ching. It agreed to a 16-day postponement of its strike.

• **Warning**—CWA's president, Joseph A. Beirne, warned that final peace in the telephone industry depends on federal conciliators "getting the Bell System to do some real collective bargaining."

The CWA strike delay applies to 100,000 telephone workers directly, plus another 200,000 to 300,000 who probably wouldn't cross picket lines.

CWA wants higher wages, shorter work week, longer vacations, higher pensions, shorter training (low-pay) periods, and other gains (BW—Feb. 4 '50, p. 91). Both the Bell System and

American Telephone & Telegraph Co. claim that contract terms are already in line with other industries.

• **Real Goal**—But CWA's big goal isn't money or hours—it's systemwide bargaining in the industry.

The government figures over 40 separate union and management groups are now bargaining on telephone contract terms. CWA wants these lumped together under master contracts, negotiated in top-level bargaining.

Bell doesn't want that kind of deal for an obvious reason: Current contracts take into consideration local employment conditions, wages, and living costs. It contends that operators in a rural exchange, for instance, shouldn't get the same contract terms as those in high-cost metropolitan areas.

• **Big Break**—The union has offered to accept local settlements this year to avoid a strike. But it is hoping for one big break: federal fact-finding—leading to blanket settlement recommendations for the industry.

With that in mind, CWA can be expected to sit tight during the next two weeks. And any proposal for a fact-finding board will get a welcome hearing from the union.

## No Pension Pains

Carter Carburetor wins a pensionless contract from UAW. Other pension-shy small companies are cheered.

Smaller companies dealing with major unions have heard some good news:

At least one of their number has signed a contract with the United Auto Workers (CIO) that ducks pensions entirely. The company is Carter Carburetor Co., in St. Louis.

• **Secret's Out**—The contract was signed last November. But until recently, it was—by agreement with the union—a well-kept secret. Now the secret is out.

Other small concerns were all ears. It's expensive and hard to write a sound pension plan for a small number of employees. While the unions have concentrated on getting pensions from industry's pacemakers, smaller employers have been holding their breath.

The excitement started with a recent bulletin from the Auto & Aviation Parts Manufacturers, Inc. This said that UAW and an unannounced company had signed a pensionless contract.

Members of the manufacturers' association swung into action. They ferreted out the fact that it was Carter.

• **Why So Quiet?**—The reason for keeping quiet was obvious: the terms accepted by the auto union.

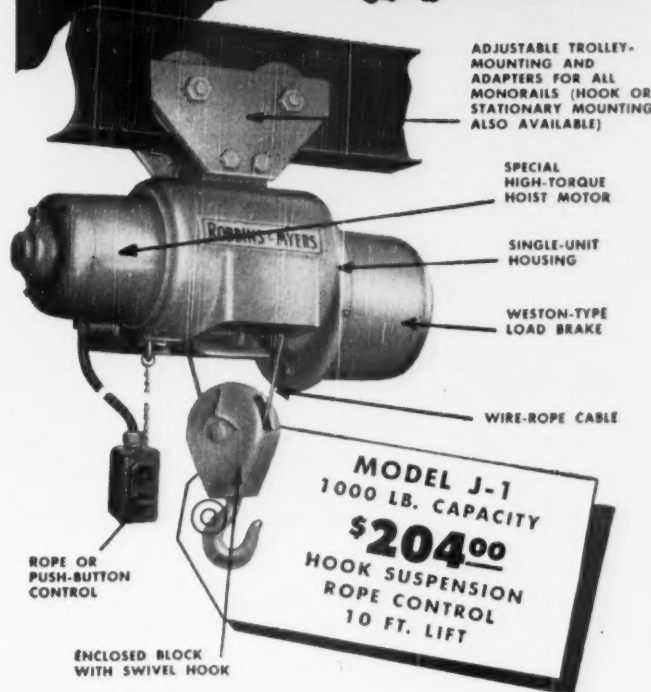
Carter's new contract provides for six paid holidays a year and a broadened insurance program. It shuts the door on pensions until 1952, at the earliest, and freezes wages at 1949 rates until 1951. Even the revised insurance program bars further changes for four years.

Why did UAW do it? The best answer to that highly relevant question is this: The union ran into determined resistance from Carter, and couldn't muster much militancy among company employees on the pension-insurance issues. Enthusiasm over the UAW "pattern" waned a lot when it began to look as though expanded federal pensions will take up much of the gain made in the major 1949 negotiations.

• **More Such Deals?**—Will UAW make similar deals with others? This much can be said: It's quite possible that other companies already have signed up, trading silence for concessions. In the past, UAW has often deviated from its accepted settlement patterns, although the resulting contracts don't get aired in the news.

Earlier in the month, UAW's smaller employers had mulled over another encouraging pension report: the arbitration award of a New York State board of inquiry in the Bell Aircraft-UAW

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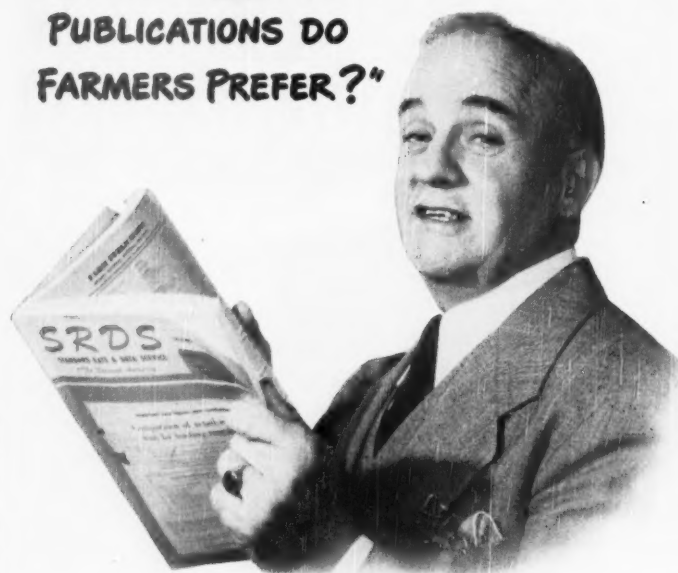
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(WRITE FOR BULLETIN 451-BW.)

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## "WHICH OF ALL FARM PUBLICATIONS DO FARMERS PREFER?"



In a recent survey, farmers were asked: "Which of these (four) farm magazines do you like best?"

Midwest Farm Paper Unit Surveys ask: "Which of all farm publications do you prefer?"

Isn't the latter the fair question?

When 4,617 midwest farm families were asked to select the one farm publication which it would take if it could have only one, here's how they answered:

Publication	Number	Percentage
Midwest Farm Paper	1950	42.2
First Farm Magazine	575	12.5
Second Farm Magazine	541	11.7
Third Farm Magazine	402	8.7
Fourth Farm Magazine	199	4.3

### MIDWEST FARM PAPERS are 3-TO-1 Favorites over nearest "FARM MAGAZINES"

When it's a wide open question as to preference, homestate Midwest Farm Papers are better than a 3-to-1 choice over the leader among the national farm magazines... get more votes than the total of all four of the publications named in the other survey. Further evidence of local leadership is this: in the eight high-income states they serve, Midwest Farm Papers reach 1,262,147 farms.

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## MIDWEST Farm Paper UNIT

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dispute at Buffalo. The board turned down a union demand for pensions. It said that "no other company in [the aircraft] industry has a pension plan for hourly paid employees and [Bell] which is among the smallest in the industry should not be forced to lead the way in granting a pension plan."

To most of UAW's small employers, that means only one thing: They need not take the initiative on pensions.

In steel, the Bethlehem formula still is the pattern for United Steelworkers (CIO) demands. The union is negotiating with employers in fabricating and processing businesses on \$100 monthly pensions (including social security) at age 65 after 25 years' service. Last week, Mullins Mfg. Corp. signed on the "pattern" terms for 3,000 employees. And the steel union is making it clear that it expects other small employers to follow suit.

## Guards May Join a Union Even in Intrastate Service

A company that provides protection service for industrial plants is engaged in "activity affecting commerce"—even though the firm serves plants in only one state. The company's employees are therefore covered by the Taft-Hartley law, and have a T-H guaranteed right to join a union.

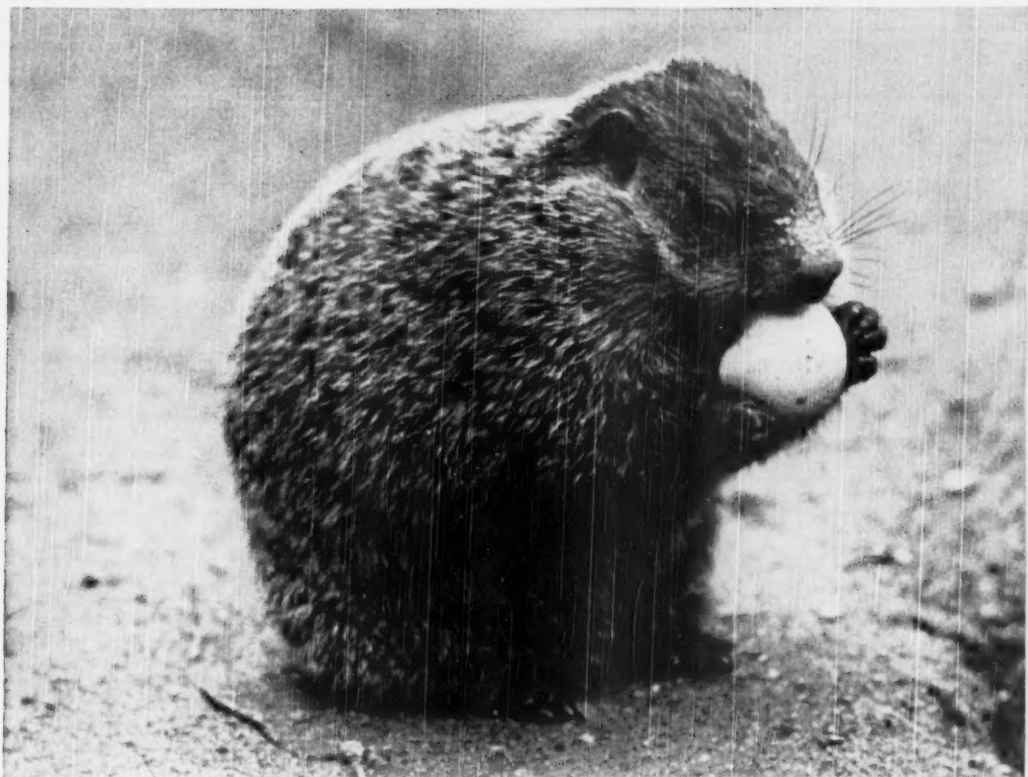
• **Case in Point**—The National Labor Relations Board so ruled recently in a case involving the Standard Service Bureau of Buffalo, which provides plant guards for industrial firms in New York. The firm discharged five guards who joined an independent union—the United Plant Guard Workers of America. Standard argued it is engaged in local business only, since it doesn't furnish guards for plants outside New York.

Not so, decided NLRB. The company serves plants whose activities affect interstate commerce. Hence, Standard Service Bureau itself is engaging in activity affecting commerce under the T-H law.

• **T-H Provisions**—T-H has specific provisions for plant guards. They can join a union, the law says, as long as the union is open only to plant guards, and isn't affiliated with any union that does cover nonguards.

NLRB ordered the five men reinstated.

The Pictures—Acme—100, 105; Int. News—22, 34 (bot.); 90, 96, 99; John Sasso—44; Wide World—34 (top lt.); Ida Wyman—23.



## Don't take a groundhog's word for it

He's a cute little cuss — whether or not he can forecast the weather by his shadow. But most people don't depend on a tip from a groundhog in preparing to meet seasonal weather hazards. Instead, they choose combination screen and storm sash and doors, gutters, downspouts and air conditioning equipment which provide the greatest protection, convenience and economy.

More and more manufacturers are meeting these demands with equipment made of durable Armco Ingot Iron ZINCGRIP. Its special zinc coating offers 15 to 45 per cent greater resistance to atmospheric corrosion than regular galvanized coatings of equal weight.

The coating does not break off when severely formed, so there are no bare spots for rust to attack. To assure a longer-lasting paint finish, the zinc coating is Bonderized before painting.

Armco ZINCGRIP is also adding extra years of usefulness to metal furniture, washing machines, laundry driers, home freezers and other home and industrial products.

This is only one of many special-purpose steels created by Armco Research to help manufacturers provide greater all-round value in the sheet steel products they make. It is one more reason why buyers look for the familiar Armco trademark as a guide to *extra* quality.

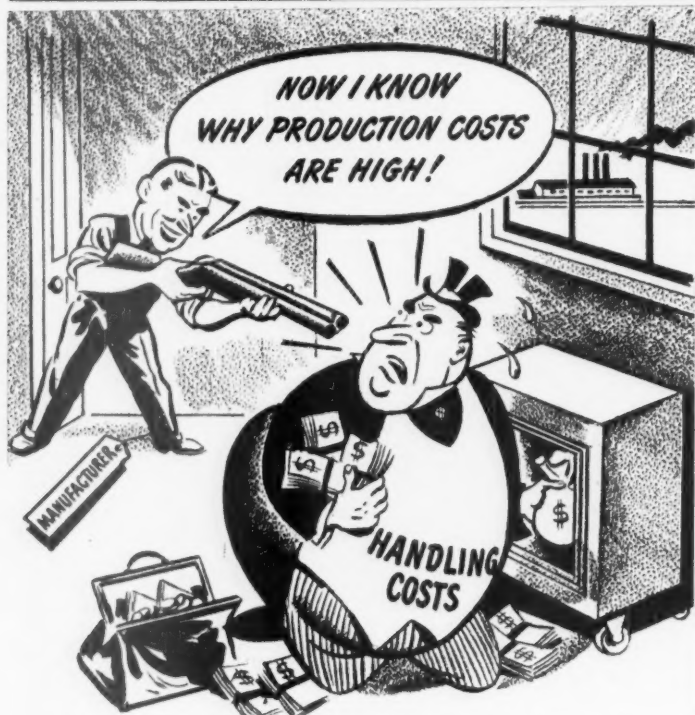
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## When Do We Eat?

Two short snack periods daily get better work output than usual lunch hour. Marshall Field tries plan, likes it.

A workman produces a lot at the start of each shift, then tapers off a little before lunch. With a meal under his belt he is more productive, but he begins tapering off again at midafternoon.

• **What's the Solution?**—Recognizing this well known pattern is one thing; doing something to remedy it is harder. For employers run smack into a physiological barrier when they seek a solution. They're told: It's a normal fatigue pattern; workers are just made that way.

At least, they got that answer until several weeks ago. Then a new, and somewhat startling, suggestion began making the rounds in industry. The proposal: Cut out leisurely, hour-long lunch periods, and give the lost time back to employees in midmorning and midafternoon "lunch-snack" periods.

• **It's More Efficient**—The suggestion stems from recent experiments conducted at Yale. These indicated that the human organism doesn't work at its best under the traditional three-meal-a-day system. It does better if it gets about the same amount of food in four meals.

Translated into plant terms, the Yale physiologists feel employees lose a minimum of work efficiency under a lunch-and-snack plan. It gives workers a "lift" just when they're beginning to tire. Result: steadier productivity without proportionately higher effort.

Some employers have had similar ideas in the past. During the war, particularly, they served coffee and doughnuts, or soft drinks, at machines or work benches in midafternoon. The snacks produced good results, but the arrangement never was formalized in the labor-management relationship.

• **But Can You "Sell" It?**—As long as the "snack" is on the boss—and doesn't interfere with the usual leisurely lunch—the workers like it. But can the employer cut out the lunch hour and give 50-minute morning and afternoon lunch-snack periods, instead? That's what a lot of employers have been wondering.

Some companies intend to talk to their unions about this when contracts open up again. Others are still weighing a side question: Would shutting down machines and starting them up again twice each shift offset the lunch-and-snack gain in efficiency?

• **Test Case**—Meanwhile, management is watching a recent change in the

lunch-hour system at Marshall Field & Co., in Chicago. The Yale findings had little to do with the Field setup. The retailer was aiming at more efficient staffing of sales counters—not higher productivity.

• **Noon Sales Run High**—In many department stores and specialty shops, sales of accessories, hosiery, notions, and similar merchandise reach their peak during lunch hours. So, while regular clerks are at lunch, the stores have to keep these departments manned full-strength with short-hour or part-time salespeople.

That keeps the cash registers jangling, but it means a higher sales-labor cost for the company and often less money for regular salespeople—since clerks in specialty departments are usually paid on a salary-plus-commission basis.

• **Field's Experiment**—Last fall, Field decided to do something about this. It suggested that salespeople in the noon-rush departments combine their one-hour lunch period and 15-minute morning and afternoon rest periods—take half the combined time (45 minutes) sometime before noon, the other 45 minutes in midafternoon.

No sales clerks have to make the change; it's all voluntary. But 20% of them (practically all those in the noon-rush departments) have shifted to the new time plan—and like it fine.

Department managers and their salespeople work out their own time schedules. The off-time is staggered so that there's always an adequate sales force—and a full and experienced staff is on hand from noon to 2 o'clock. There's been no problem about the earliest "brunch" hours: Those who live farthest from the store (and eat early breakfasts) and those who are on a "coffee only" breakfast menu welcome a break at 10:30; the others seem satisfied with eating at 11:15 and returning at noon.

In the afternoon, the "brunch" group goes out for a snack at 2:30; the others at 3:15.

• **The Results**—Marshall Field believes its plan has resulted in better service for customers and more efficient departmental operations in rush hours.

Employees like it, too. They can eat quickly during the morning break, without running into the noon rush at eating places; in the afternoon, there's time enough for a soda, rest, shopping, and personal business.

• **Limited Application**—Marshall Field has had requests for what it calls the "pass-lunch" plan from a lot more than 20% of its salespeople. It can't extend the plan much more because not all departments have sales peaks at noon—and those that don't cannot afford to let regular clerks go for the 45-minute periods in midmorning and midafternoon.



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**CLUES**

## New Store Union

DWU, mainly leftists split  
off from CIO wholesalers and  
retailers, is set up in New York.  
Goal: nationwide organization.

A new leftwing union took shape in  
New York this week—the first to be  
formed of fragments from the factional  
split in CIO. Its nucleus is a claimed  
32,000 members in nine leftist locals.  
Eight of them formerly were part of  
CIO's Retail, Wholesale & Depart-  
ment Store Employees.

• **Challenger**—The new group is the Dis-  
tributive Workers Union. It plans to  
take in retail, wholesale, warehouse, and  
allied workers. Definitely leftwing and  
militant, and staffed by experienced  
field men, DWU may turn out to be  
the first really tough entry in the race  
to organize department-store and re-  
tail labor.

Right now, the new union is just  
a consolidation of New York locals that  
withdrew in late 1948 from CIO's

RWDSE. They quit rather than com-  
ply with the international union's order  
to sign Taft-Hartley non-Communist  
affidavits. During 1949, they worked  
together as a loosely knit council.

Recently, the council decided it was  
about time to branch out. The result  
is DWU. For a while, it is going to  
concern itself with its "more immediate  
problems" in New York. Then, DWU  
says, it's interested in organizing "in  
every part of this nation," challenging  
both AFL and CIO retail unions.

• **Branching Out**—As its first outside  
move, DWU says it will try to "enlist  
sympathetic groups in one or more  
cities"—possibly in Detroit, Philadel-  
phia, Chicago, Minneapolis-St. Paul,  
or San Francisco.

"Mere self-defense will necessitate  
concentrating on organizing the nation-  
wide department store chains whose  
New York outlets are already organized  
by DWU," the union said.

• **Who DWU Is**—The union, as now  
set up, has two major divisions. One is  
made up of 14,000 wholesale, ware-  
house, and allied workers, with 1,400  
contracts in the New York area. The  
second consists of retail workers—12,000



The flowers that sell in the streets, *tra la*, are the issue involved in the case.

## Pickets Pester the Posy Dealers

AFL's teamsters have a hankering for New  
York's winter flowers—or, at least, for the  
dealers who pick them up in trucks and  
cars in the city's wholesale cut-flower district.

The teamsters contend drivers of pickup  
trucks should carry a union card—even if  
they actually are flower dealers who get be-  
hind the steering wheel only when it's time  
to go to the market. The dealers say they're

not professional drivers, don't have any in-  
terest in the union.

To put on organizing pressure, 350 team-  
sters bearing placards massed last week in  
the cut-flower district. As 45 policemen  
kept order, the teamsters heckled and de-  
laved dealers wanting to pick up their day's  
floral orders. But they didn't get very far  
in their drive for members.

department store employees (in Gimbel's, Saks-34th St., Bloomingdale's, Stern Bros., Hearn's, Namm's, Loeser's, and Norton's stores) and 6,000 other retail workers (in Vinn, Davega, and Modell store chains and in drug stores).

DWU contracts cover almost all the big organized stores in New York. Important exception is Macy's which has swung to the right after leaving the RWDSE fold. It's being wooed by AFL.

The ninth local in DWU broke away from CIO's Gas, Coke & Chemical Workers in 1949. While DWU says it's not out to be a "catchall," it will, it says, take in any "sympathetic" local that can't go elsewhere.

• **Federation?**—That leads to a big question: Is DWU linked in any way to a rumored new leftwing labor federation? The new union says no. And while other leftwing unions in and out of CIO—including the United Electrical Workers—are "sympathetic," they show no signs so far of tying in directly with DWU. "We're very friendly," UE says of DWU. "That's all."

But that means cooperation—and, not inconceivably, some form of federation at a later date.

• **The Bosses**—First head of DWU is Arthur Osman, president of Local 65; that's the big wholesale and warehouse local often called a New York training school for leftwing union leaders. Other officers include William Michelson, David Livingston, and Nicholas Carnes. All have had big roles in leftwing activities in New York. Most of them, along with others in top spots in DWU, have appeared before congressional committees probing pro-Communist activities in this country.

## "Showdown"

**UAW says it's striking for Toledo areawide pensions at Libbey-Owens-Ford. Union prestige at stake.**

By midweek there was only one real question about the Toledo strike at Libbey-Owens-Ford: Was it a pressure move for "liberal," areawide pensions—or just a strike for a regular pension?

• **Anybody's Guess**—The United Auto Workers (CIO) called the walkout at L-O-F's Plaskon Division for what it said was "discriminatory" dismissal of five union members. Later, local UAW officers changed their tune. They labeled the strike a showdown on their areawide pension plan (BW—Feb. 4 '50, p. 58).

This plan eventually calls for a single retirement fund and welfare fund for all employers in the Toledo area. But



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even before the plan is established, a local can sign a separate pension contract whenever an employer meets the areawide terms.

• **Long Time Coming**—Whatever the reason for the strike, the clash has been building up for more than six months—since the last contract ran out in June, 1949. Bargaining was postponed from time to time during the last half of the year by mutual agreement. UAW, for its part, wanted time to establish its \$100-a-month pension plan with major auto employers—and possibly begin on its regional program. The walkout came on the very day negotiations were slated to get under way again.

• **Glass Pact**—L-O-F and Pittsburgh Plate Glass Co. both signed contracts last month with the Glass, Ceramic & Silica Sand Workers (CIO). The agreements call for \$100-a-month pensions at age 65 after 25 years' service—in line with the steel-auto pattern. But they differ in a few respects from the pattern plans.

For instance, the L-O-F retirement program: (1) lets an employee collect an additional \$1 a month in pension pay for every year of work over 25; and (2) provides there will be no break in continuous-service credits if an employee returns to the payroll from a layoff or leave within five years.

The L-O-F pension plan covers 8,000 hourly-paid employees who belong to the glassworkers' union. It doesn't apply to employees of the Plaskon Division, who belong to UAW.

• **"Sellout"**—When the glassworkers signed up, UAW's vice-president in Toledo, Richard T. Gosser, called it a "sellout." His gripe: The agreement, which was outside the terms of the Toledo areawide pension plan, weakened UAW's drive at a vulnerable point—Plaskon plants. "Poppycock," replied the glassworkers' union.

The interunion scuffle makes it doubtful that Gosser will settle, without a fight, on "pattern" terms. In fact, some see the strike at Plaskon as Gosser's answer to the glassworkers' union—and a bid to retain L-O-F bargaining prestige.

Gosser's UAW aides say they are definitely out to get the "liberal" areawide pension plan from Plaskon. They're ready, they say, for a long strike. All employed UAW members in the Toledo area are going to be tapped \$1 a week in strike benefits to help wage the war.

• **Still Against**—The fact of a strike, after months of threats, hasn't dulled management's opposition to areawide pensions. Again last week, the Toledo Industrial Committee flatly rejected the Gosser plan as a "wild shot in the dark."





REBEL Dickmon protests "dictatorship"...

## UMW Miners Back Lewis Against One-Man Revolt

A lot of people in this country today are asking: How strongly do John L. Lewis' own miners back him?

Joseph Dickmon, a Liberty (Pa.) miner, doesn't believe that United Mine Workers members are 100% behind Lewis—but he can't cite his own experience to prove it.

Dickmon, a miner since 1938, spoke his mind recently in a letter to a Pittsburgh newspaper. He called Lewis a "dictator." He protested that because of the UMW chief's policies a lot of miners are getting only "starvation pay"—when they're drawing any pay at all.

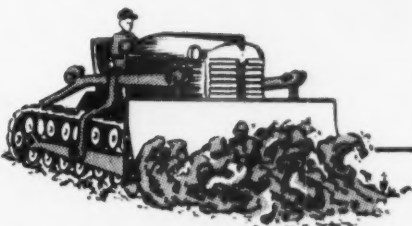
• **Turn of Events**—He called for a revolt against Lewis, and sat back to see what would happen. Developments:

• Dickmon got a terse notice to appear before his UMW local on charges of making false statements against an officer of the union. He refused to retract, was suspended from UMW membership (151 to 0) for a six-month period.

• Other UMW miners in the Pittsburgh Coal Co.'s Montour No. 10 mine warned that they wouldn't work if Dickmon was kept on the job. But this week's coal strike kept the one-man rebellion from reaching a showdown stage.

• Dickmon got offers of legal aid in a fight to bar "blacklisting" from the mines. Such retaliatory action by the union, attorneys told him, would be "a clear violation of his constitutional rights to free speech." But Dickmon commented that it was turning "cooler and cooler" when he ran into his fellow miners. He began thinking about an offer of a machinist job away from Montour No. 10.

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Mississippi has other exclusive advantages in addition to those offered by the BAWI Plan. These factors are graphically presented in a new industrial booklet—"INSIDE MISSISSIPPI"—available to interested executives on request.

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See page 107 of the February 4 issue

## LABOR BRIEFS

NLRB appointee Paul L. Styles (BW—Jan. 28 '50, p99) is getting a big welcome from unions. They expect his appointment—announced last weekend—to "bring a more liberal tone in NLRB decisions." Southern management says he is "fair with management [and] judicial."

Labor-monopoly charges will be aired by a Senate subcommittee beginning next week. Up for hearing is a proposed bill to put unions under the federal antitrust laws. This being an election year, the talk isn't likely to result in much action.

Office messengers who run errands and deliver packages must be paid the new 75¢ hourly minimum rate. The Wage-Hour Administration said recently that office runners aren't covered by a rule that allows a lower rate for messengers of companies whose primary business is delivery of messages.

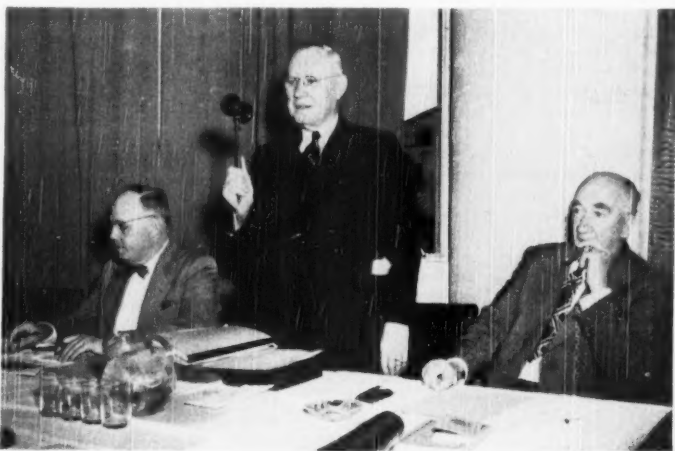
A new peace pact between UAW (CIO) and IAM bars raids on each

other's memberships—thus cases a rivalry that has caused serious strikes in aircraft and auto parts industries. The agreement doesn't apply to competition over employees in plants where neither UAW nor IAM has a contract.

A 5¢ hourly raise for employees in Long Island, N. Y., brought a two-week strike against Phelps Dodge Corp. to an end last weekend. The new contract with the Mine, Mill & Smelter Workers (CIO) runs to June 30, 1951. It follows terms of other copper-refinery pacts signed recently in Texas and Arizona.

Dock trouble in La Spezia, Italy, shows how Communists use unions to advance their aims in the cold war. In line with Moscow policy, Communist-led dock unionists now won't handle any arms shipments from the U.S.

A gift of "falsies" to a girl secretary by a Newark insurance agent led to his discharge by Metropolitan Life—and to a charge of unfair labor practice by his CIO union. The union wants NLRB to order the job restored. It says the gift was a harmless gag—and that the agent really was fired for union activities.



AFL LEADERS Green (center), Meany (left), Hutheson (right) guide debate as . . .

## AFL Moves Toward Unity With CIO

AFL and CIO are a good bit nearer unity than they were a year ago. It's mainly because of political cooperation and CIO's crackdown on leftwingers.

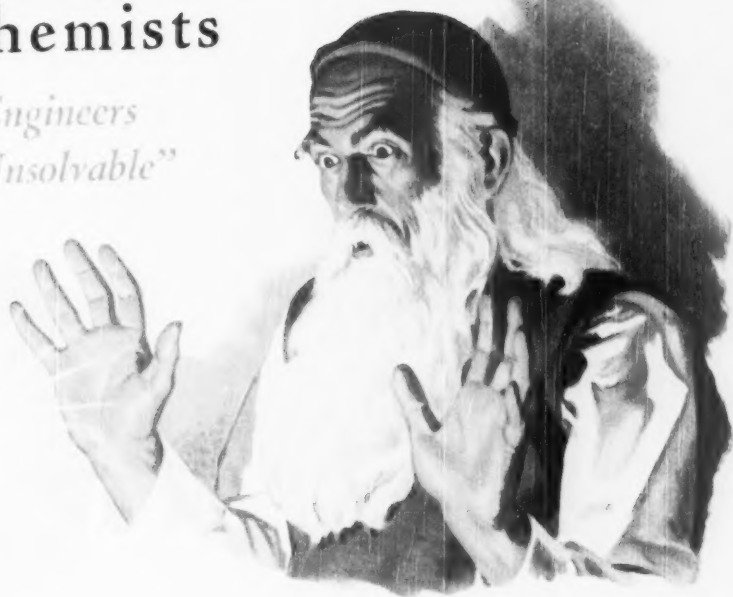
Last week, AFL's executive counsel inched a little closer toward merger of the two federations. AFL's top leaders decided to explore chances (1) of designating a new committee to discuss merger terms with CIO, and (2) of reactivating a standing committee on AFL-CIO unity for merger talks with a similar CIO group.

Both AFL-CIO have toyed with organic unity for several years. But there never has been any real bargaining on terms. Now that CIO's leftwing taint is gone, the big obstacles are conflicting jurisdictions and the problem of what to do about officers' jobs.

AFL leaders also conferred with top officers of the International Assn. of Machinists. They urged the machinists to return to the "house of labor," which they left five years ago.

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A dependable self-winding wrist watch in small, sleek design had been the dream of designers for years. But one tiny piece of metal—a pendulum that winds the spring—was the barrier they could not hurdle.

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# INTERNATIONAL OUTLOOK

BUSINESS WEEK

FEBRUARY 11, 1950



The State Dept. wants to douse all talk of a world disarmament conference, for the time being at least. And State is just as down on the idea of an "all-out effort" to reach agreement with Russia.

It's not that State has lost interest in peace. But the department doesn't believe such proposals can amount to anything just now.

As State sees it, you can't do these two things at the same time: (1) Support Tito in Yugoslavia, look for another Tito in China, arm the French against the Communists in Indo-China; and (2) make a real bid for an agreement with Stalin.

The two policies are self-defeating. For one thing, your allies might figure you were dumping them in favor of a deal with Russia, and therefore give up the fight.

Before State talks about disarmament with Moscow it wants some sign that Stalin, too, is interested in peace. His current policy in the Far East doesn't make anyone in Washington very hopeful.

President Truman seems ready to back up Secretary Acheson's policy.

You could see that in the way the President announced that the U. S. would make the H-bomb.

Truman denied that the U. S. would make a new bid for international atomic arms control. Instead he said that he would rest on the Baruch plan—even though he knows that this plan is a dead duck. (It was drawn up on the assumption that we had a monopoly on the atomic bomb.)

London is now as worried about southeast Asia as Paris is (BW-Feb. 4 '50,p95). Both capitals are waiting anxiously to see how much aid Washington will provide for the area.

British fears, though, go beyond Indo-China. The British figure the coming Communist drive will take in Burma and Malaya as well.

What's more, London sees the growing danger of a clash in Kashmir between India and Pakistan. Even the threat of a fight keeps Indian military resources tied up when they might be used to save Burma.

In Paris, meantime, Indo-China experts are glum about Bao Dai's chances against the Communists. These experts say that each time the French-backed leader merely wants to visit his headquarters in Saigon he has to clear the road with tanks. Then, to play safe, Bao rides a tank himself, sends his car by air.

There's more than meets the eye to Moscow's campaign against Japan's Emperor Hirohito.

It's part of a widespread move to foster both anti-American and anti-Japanese feeling in southeast Asia.

One direct result: Malayan dockers have been refusing to unload Japanese ships.

Brazil hopes to get a special Export-Import Bank loan soon.

The government would use the money to help set up a hard-currency fund in New York. This would insure investors that they could always take out their profits (BW-Jan. 14'50,p99). Brazil would put up as part of the fund earnings from current trade.

Action on this scheme may not be long in coming. U. S. officials think that by next month Brazil can wipe out its backlog of debts to U. S. exporters;



# INTERNATIONAL OUTLOOK (Continued)

**BUSINESS WEEK**  
**FEBRUARY 11, 1950**

and the rise in coffee prices should keep dollar earnings high this year.

Secretary Acheson was under strong pressure when he blasted British oil policy last week.

Big U. S. oil companies have been wanting some help like this for a long time. Reason: Next week the British start their ban on sales of dollar oil in the sterling area. As a result, the oil companies stand to lose 15% of the business from their overseas operations.

The weakness in the British position is this: A ban on imports from U. S. companies doesn't mean a complete dollar saving by any means.

Perhaps 40% of the total cost of all British oil is—directly or indirectly—a dollar cost.

It's this that gives the clue to the most likely solution to the dollar-sterling oil problem.

In fact, the British have now proposed to let U. S. companies sell their oil in the sterling area so long as they will take some 60% of the payment in sterling. The sterling would then have to be spent for goods and services in a soft-currency country.

This way the dollar drain from buying from U. S. companies would be about the same as if Britain increased its use of sterling oil. The big hitch is how to find the goods and services the U. S. oil companies would want to spend their sterling on.

Britain's election campaign is still in the "cold war" stage. And if Labor strategists have their way, it will stay that way. They think the British voter is in too serious a mood for fireworks.

Labor is all out to get the middle-class vote. You can see this in the speeches being made by Prime Minister Attlee and top ministers like Bevin and Morrison. None of the three has even mentioned Labor's plans for more nationalization.

The Conservatives are plugging a serious line, too.

The Tory theme song is thrift and frugality—the old-fashioned virtues.

The Tory attack is directed against nationalization and incompetent government—not against the welfare state.

It's the Liberals who have the two big parties on the anxious seat—because the Liberals can just about decide who is to win the election.

Here's the story from the statistical angle: If the Liberals have 300 candidates in the running, it will take a shift of 5% of the national vote away from Labor for Churchill to win. That's possible. But the Liberals now have 400 candidates in the field. If they keep them there, then it will take a shift of 7% to defeat Labor. And almost nobody thinks that the swing will go that far.

There's no doubt now that, from Labor's angle, Attlee chose the right time for the election.

So far devaluation has had almost no effect on the cost of living. There are plenty of jobs, business remains good. Important union demands will hold over until after the election. What's more, British stores are crammed with food (except what's rationed) and consumer goods.

# BUSINESS ABROAD



BERLIN CELEBRATES 32nd anniversary of Bolshevik revolution. But there's a ghost at the banquet. Under slogan, "Long live Soviet Union, bulwark of peace and progress" . . .

## Soviet Drains East Zone Dry

Russia has tight grip on East-German corporations that pay, forces Germans to support unsound concerns. Reason: Russians need absolute control in event of war, are trying to establish it now.

Current Russian policy would make an economic no-man's land out of Eastern Germany. Reports from the Soviet zone leave little doubt of this. The aim is to create an economic vacuum at the frontier between East and West.

• **Double Choke**—The Soviets' tightest squeeze is on East-German industry. In the past year, German Communists did away with what little remained of private industry by nationalizing it. Now Russian-owned corporations are choking off the nationalized industry.

On paper, the squeeze doesn't show. For, on paper, East-German nationalized industry has increased from 55% to 70% of the total industry. And the Soviet corporations have decreased from 33% to 25%.

• **Cake vs. Crumbs**—But these figures conceal internal erosion of the nationalized industry, and consolidation of the Russian enterprises. All last year, the Russians gave up plants in which machinery had become obsolete and which could not get raw materials from the normal market. Then Russia forced the German Economic Commission to take over these uneconomical plants at their original purchase value—and run them on its own.

To finance these forced purchases, Russia has created the German Invest-

ments Bank (DIB). With funds raised through taxation, DIB is obliged to offer credits without interest to nationalized industry. Those plants that the Russians pulled out of have priority on this credit—at the cost of the sounder plants. In effect, this device helps German nationalized industry kill itself off; it taxes the profitable plants, to keep the unprofitable plants operating unprofitably.

• **Breakdowns**—Artificially maintaining Germany's nationalized industry drains its raw material supply, and often makes machinery replacement impossible. In 80% of the nationalized industry, breakdowns interrupt work from one to three days a week.

But the Russian-owned plants hardly feel any shortages. These plants are all working two or three shifts a day, regularly. They have absolute priority on raw materials, and have pipelines to replacement parts from Sweden and Czechoslovakia through Russian-owned export-import companies in Germany.

Meantime, purchases of imported replacements for the nationalized plants are strictly limited, practically prohibited.

• **Unemployment**—A steady unemployment is the natural result of this drying up of East-German industry. Unem-

ployment totals have been between 200,000 and 350,000 recently. And that's despite the fact that East Germany's population is dwindling steadily. Last year about 500,000 people fled to the western zones. And last year East Germany was the only country in the world where the death rate exceeded its birth rate by 2.4 per thousand. (In the western zones, the birth rate over the same period exceeded the death rate by 6.4 per thousand.)

• **Sabotage Hunt**—Another outgrowth of East Germany's economic cancer is the so-called "People's Control," a Communist informer organization. Its job is to discover sabotage and report it. With genuine German thoroughness, goals have been set for the People's Control. Those controllers who do not discover a sufficient amount of sabotage are brought to court themselves as saboteurs. Following the Russian model, staged trials are held in which saboteurs, usually members of the Christian Democrat Union and Social Democrat parties, are condemned to death.

• **By Plan**—Also following the Soviet model, German industry is goaded by the Plan system. And, as in Russia, production goals are always "achieved" a little ahead of schedule (BW—Dec. 10 '49, p. 101). The East-German government recently said that the two-year plan announced in the summer of 1948 will be fulfilled ahead of time.

The German government goes even further to state that the 1936 production level will be reached in 1950; according to the plan, it need reach only 80% of the 1936 level this year. Since industrial production in Western Germany actually will top 1936 output this year, this "We, too" statement by East Germany was to be expected.

• **Production**—But reports from East Germany indicate that total industrial production for 1949 rose only very slightly above the year before. Take steel, for instance. In 1947, total steel production came to 650,000 tons. It slipped to 450,000 tons in 1948 as a result of the Russian blockade. Last year, it reached 550,000 tons. The aim of the two-year plan was 850,000 tons by 1950.

The textile industry did better. It fed on Egyptian cotton that came by way of Czechoslovakia. But even though production totaled 60-million meters of cloth during the summer quarter, it is still 30% short of the goal.

• **Pound of Flesh**—Russia is still getting its pound of flesh in reparations and occupation costs—even out of this beat-up economy. In the past two years, U.S.S.R. squeezed over \$1-billion in current production out of East Germany. Occupation costs, which the German provincial governments have to sweat out, are twice as high as in the

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British zone of Germany, and three or four times as high as in the American zone. In fact, occupation costs drain off about 60% of East Germany's total income. Despite all rumors of withdrawal of the Russian occupation forces, the sums allocated in the budgets of the provincial governments for occupation purposes are higher than in 1948.

• **In Case**—In case of a war emergency, the important plants in Eastern Germany are slated for one of two fates: (1) to be blown up; or (2) to be dismantled and moved to the U.S.S.R. That's why Russia wants such tight control.

## BUSINESS ABROAD BRIEFS

A £260-million expansion program is in the works for South African Railways & Harbours Administration. Ten-year plan calls for new rail equipment, stations, workshops, docks, airports, and trucking facilities.

Colombian buyers will have \$100-million more to spend on U. S. goods this year than last. The government plans to allow purchases of \$340-million in the U. S., compared with \$240-million in 1949. Higher coffee prices brought in most of the extra cash.

A face lifting for Rio de Janeiro will involve: plowing down a 210-ft. hill, filling a 550-ft.-wide strip on the Rio shoreline; construction of a 2-mi. elevated highway; building apartment and office buildings. Bids on the project close Feb. 24.

The tractor market is wide open in Australia—for Australians. R. G. Casey, Minister of Supply and Development, says at least 3,200 caterpillar-type tractors could be sold immediately. Stiff import restrictions keep U. S. equipment makers from filling the demand.

Marshall Field & Co., Chicago, has resumed buying offices in London, Paris, Frankfurt, and Florence, which have been closed since the war. The company plans to import twice as much as last year.

South Africa will borrow a total of \$20-million from two U. S. banks. Legislation is pending now to amend the country's General Loans Consolidation Act to meet U. S. requirements.

Brazil's dollar shortage has forced General Motors to shut down temporarily its assembly plant at Sao Paulo. The government had to clamp down on imports of auto parts.

## Ministers Meet

Conference delegates couldn't agree on China or Japan, but they laid plans for an Asiatic recovery program.

MELBOURNE—From one angle, last month's eight-nation British Commonwealth conference at Colombo, Ceylon, was a washout. No agreement was reached on two of the thorny problems that prompted the tropical huddle: recognition of Communist China and the Japanese peace treaty.

On political questions, the Commonwealth nations were able to keep differences pretty well restrained. But four nations—Canada, Australia, New Zealand, and South Africa—weren't ready to recognize China. Recognition was termed a "domestic issue" where different interests dictated different tactics, so no one felt it would weaken Commonwealth unity.

Disagreement on the Japanese peace treaty had been expected. It was made certain when the U. S. failed to deliver its promised draft of the peace treaty ahead of the conference.

• **Recovery Plan Due**—But Commonwealth foreign ministers did accomplish something: They decided it was time to get going on an economic recovery program for Southeast Asia.

Australia's Foreign Minister Percy Spender made the proposal for an aid program. As a starter, he got the foreign ministers to agree that a Commonwealth committee should meet in Canberra to see how the Commonwealth can best tackle Asia's mammoth economic problems. The Canberra talks are slated to start this spring.

• **Buy Off Communism**—At Colombo everybody agreed that the only way to lick communism is to raise living standards. But the new Commonwealth nations—India, Pakistan, and Ceylon—proved to be more jealous of their newly won independence than afraid of communism.

The delegates agreed to ask their governments for a six-month extension of dollar import restrictions first agreed on last July. This would carry the 25% cut in dollar spending through 1950, even though further spending cuts will put the squeeze on underdeveloped areas.

There is already talk of inviting the U. S. to carry a share of the Southeast Asia recovery burden under terms of Point 4. In fact, all the Commonwealth nations realized at Colombo that economic progress in Asia is possible only with U. S. aid. But they also knew that U. S. help won't come until practical plans are worked out.

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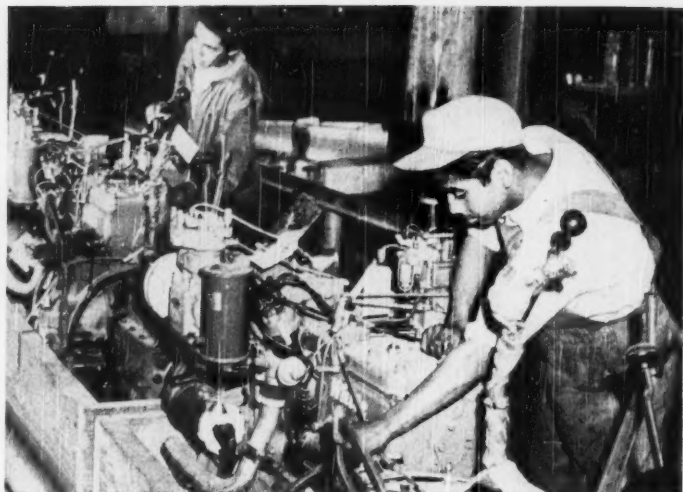


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Next issue of "CLUES" can be seen in February 25 issue



## Putting Trucks Together in Mexico City

White Motor gets around truck import restrictions by shipping parts for assembly to an ex-Hudson dealer in Mexico City.

Last month in Mexico City the White Motor Co. took delivery of its first "made-in-Mexico" Super Power truck. The delivery was made by a woman—Senorita Herlinda Ancira Gonzalez, owner and manager of Automotriz de Mexico, where White trucks are now being assembled.

Here's what's behind the White-Gonzalez alliance. Foreign-made trucks are hard to come by in Mexico. You can get them only after obtaining a license from the government. But no restrictions are put on sale of trucks assembled in Mexico. So under a licensing plan with Automotriz de Mexico, White is shipping parts and materials for its various truck models to the Mexico City firm for assembly.

• **Dealer to Assembler**—Automotriz de Mexico started out as the Hudson motor car agency in Mexico City. Then, as a result of Mexico's shortage of dollars, the firm's quota of Hudson cars was cut in half, so in 1947 Automotriz de Mexico secured permission to assemble the cars. The devaluation of the French franc last September brought a similar deal for Renault cars. Now that the White arrangement has gone through, Senorita Gonzalez's firm begins to have some of the air of a Detroit assembly plant.

Ingenerio Manuel Robledo, production manager of the firm, studied the White Motor Company's plant in Cleveland before laying out the Mexico City assembly line. The line handles basic assembly of the standard White models. Also, it is versatile enough to

handle the needs for special models.

No production quotas have been set up for the plant. Five White Motor Company distributors will tot up the orders for a production run. Then White will ship the necessary parts and materials to Mexico via freight car. The distributor agencies will take delivery on the trucks for their customers.

• **Competition**—Ford Motor Company and General Motors have set up assembly plants in Mexico, so competition for truck sales is keen in our neighbor to the south. No export to other Latin American countries is planned under the present White arrangement with Automotriz de Mexico.

This is the first time White Motor Company has permitted complete truck packages to leave the Cleveland plant. True, a plant is in production in Montreal, Canada, but under a Canadian government regulation, 60% of the trucks must be manufactured in Canada.

## BRUSSELS RUBBER TALKS

Come May 2 in Brussels and the U. S., synthetic rubber policy will be getting a thorough international airing. The occasion: the seventh annual meeting of the International Rubber Study Group. (The IRSG is composed of the big, non-Communist producers and consumers of natural rubber.)

What makes this year's IRSG session so important is some pending legislation in the U. S. A new U. S. rubber law must be enacted by June 30. That's



the expiration date of the law which makes mandatory the use of a minimum amount of synthetic in passenger jets.

Ever since the war, producing nations have been after the U.S. to drop legislative protection for synthetic. The two materials could compete freely. The producers' chief argument: The U.S. could make a big contribution to a solution of the world dollar shortage. But U.S. national defense requirements being what they are, such a step seems unlikely.

## Canal Tolls

Budget Bureau report supports drive of western shippers for lower tolls on Panama Canal, more military money.

U.S. ship operators, especially on the West Coast, have been itching for a long time to get military traffic through the Panama Canal put on a paying basis, that would allow a cut in commercial tolls. Now the ship operators have an ally in the Budget Bureau.

**Up to Congress**—The Budget Bureau has just come out with a report on canal operations which recommends changes pretty much along the lines the shipping men have been urging. President Truman has approved Budget's report with relatively minor reservations. And now it's up to Congress to decide what to do with it. (A subcommittee of the House Merchant Marine and Fisheries Committee has asked Budget to suggest legislation.)

You can be pretty sure that whatever legislation results, the following things will be done:

(1) A strict formula will be set up on how much the military will have to pay. It will mean that the military will pay its share as a national defense cost, thus taking part of the burden off commercial users.

(2) The interest rate on capital invested in the canal will be cut from 8% to 2.5%, thus cutting over all costs of operations.

**Western Stake**—Western shippers have the biggest stake in any action Congress takes. About 64% of their tonnage passes through the canal. That compares with 20% of Gulf shipping and 14% of cargoes carried in Atlantic-based ships.

Toll costs look big on the ledgers. A C-3 type vessel pays on the average about \$14,000 round-trip toll charges. That's equivalent to a month's wages for the crew of 45, or six days' operating costs at sea.

Tolls could be lowered, the shippers argue, if (1) a formula were set up to



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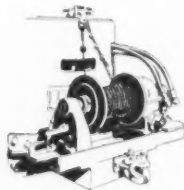
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determine the true cost of carrying a ship through the "ditch"; and (2) the military would agree to pay its share of canal costs.

• **What's It For?**—One of the blocks to agreement on canal tolls in the past has been the opposite points of view of the Army and shippers on the purpose of the canal.

The Army has insisted the canal was largely a commercial institution, "Sort of an international public utility," as one officer described it.

Shippers argue that the commercial side of the canal is secondary. They say the canal was originally built for the military requirements of a two-ocean navy.

Then there has been the railroads' objection to lower toll rates. Clark W. Thompson, chairman of the House subcommittee on Panama Canal Tolls, says that rails are the lone force that have kept Congress from giving free passage to intercoastal ships.

Railroad representatives at a congressional committee hearing last year were against reduction in tolls. They also thought the upward revision from 90¢ to \$1 a ton was conservative. J. H. Parmelee, vice-president of the Assn. of American Railroads, said the toll should be \$1.25 or \$1.35 a ton.

Thus the most controversial point in the tolls policy dispute is the question of whether any of the Panama Canal construction, operating, and maintenance costs should be shared by the military.

On this, Budget says flatly that "the cost of transiting a military vessel through the canal is just as much a national defense cost as the cost of operating the vessel itself. Yet the cost of free transits is now included with the other costs the commercial user of the canal is expected to meet by payment of tolls." It goes on to point out that the total amount of free tolls from 1921 to 1949 amounted to \$64.2 million. The industry has long had strong feelings about having to pay these charges, while the military ships go through scot-free.

• **Interest**—Then there's the problem of the interest charge on the capital invested in the canal. Right now (and ever since the canal was built) interest charge on capital investment runs 3%. Industry claims that, according to the original way of figuring the investment, it's been amortized a long time ago. Even Budget points out that present long-term interest rates average 2.3% rather than 3%.

One of the things immediately at stake is a presidential order to be effective Apr. 1, raising tolls per laden ton from a current 90¢ to \$1.00 (the statutory limit). President Truman has deferred putting the new tolls into effect before, and he is expected to do so

again, probably until this whole matter has been settled.

• **Business Functions**—Actually, the Budget Bureau made five specific recommendations:

(1) Take all functions of the Panama Canal, except those relating to civil government, health and sanitation, and transfer them to the Panama Canal R.R. Co. Then change that company's name to the Panama Canal Co.; the name Panama Canal should be changed to Canal Zone Government.

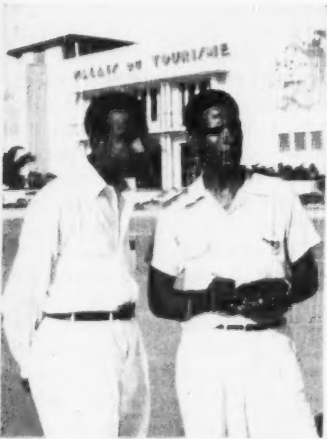
This would put all business functions under one company separate from civil functions.

(2) Give authority to determine internal organization of Panama Canal to governor of the Panama Canal.

(3) Let the board of directors of the Panama Canal Co. establish toll rates subject to the President's approval.

(4) Pending further study of Hoover Commission recommendations for setting up an Office of Overseas Administration, supervision of the Panama Canal and the Panama Canal R.R. Co. should be transferred from the Secretary of Army to the Secretary of Commerce. (This is the one part of Budget's report that Truman doesn't go along with.)

(5) Consideration should be given to revocation of the executive order which lets military ships go through free.



## Heads Tourism for Haiti

Jean Briere (right), Minister of Tourism for the Republic of Haiti, is probably the first director of tourism to be given cabinet status in a national government. With his deputy, Roger Savain (left), Briere will direct Haiti's drive for tourist dollars which gets underway this month with the opening of Haiti's international exposition at Port-au-Prince (BW—Nov. 12 '49, p. 114). Besides holding his tourism post, Briere is an undersecretary of state for Haiti and an internationally known poet.

## ADVERTISERS IN THIS ISSUE

Business Week—February 11, 1950

<b>A &amp; A MACHINERY CORP.</b> Agency: C. W. Harrison & Co., Inc.	56	<b>JAMES HOTEL CO.</b> Agency: George Knox & Assoc.	64
<b>AMERICAN AIRLINES, INC.</b> Agency: Rothblatt & Ryan, Inc.	107	<b>KALMAN FLOOR CO.</b> Agency: Jones & Brackley, Inc.	46
<b>AMERICAN MUTUAL LIABILITY INS. CO.</b> Agency: Metcalf-Erickson, Inc.	5	<b>KEYSTONE STEEL &amp; WIRE CO.</b> Agency: Mary Ann Agency, Inc.	40
<b>AMERICAN NAME PLATE &amp; MFG. CO.</b> Agency: Simonds, McKelzie & Co.	78	<b>KIDDER, PEABODY &amp; CO.</b> Agency: Doremus & Co.	91
<b>AMERICAN RADIATOR &amp; STANDARD SANITARY CORP.</b> Agency: Barton, Barton, Durstine & Osborn, Inc.	8	<b>THE LORD BALTIMORE HOTEL</b> Agency: Emery Advertising Corp.	96
<b>AMERICAN TELEPHONE &amp; TELEGRAPH CO.</b> Agency: W. W. Ayer & Son, Inc.	6	<b>LURIA ENGINEERING CORP.</b> Agency: Burkard & Co., Inc.	76
<b>AMPRO CORP.</b> Agency: Irvine J. Rosenbaum Adv. Agency	93	<b>LYON METAL PRODUCTS, INC.</b> Agency: Rotter, Meyer & Finn, Inc.	35
<b>APPLETON ELECTRIC CO.</b> Agency: Anthony Moore & Wallace, Inc.	45	<b>P. R. MALLORY &amp; CO., INC.</b> Agency: The Altkin-Kennel Co.	101
<b>ARMCO STEEL CORP.</b> Agency: N. W. Ayer & Son, Inc.	93	<b>MARSH STENCIL MACHINE CO.</b> Agency: Knappack & Assoc.	108
<b>ARMSTRONG CORR. CO.</b> Agency: Barton, Barton, Durstine & Osborn, Inc.	62	<b>MASS. DEVELOPMENT &amp; INDUSTRIAL COMM.</b> Agency: Bernard F. Ostreicher Co.	34
<b>ASSOCIATION OF AMERICAN RAILROADS</b> Agency: Benton & Bowles, Inc.	66	<b>MATHIESON CHEMICAL CORP.</b> Agency: Doyle, Kistler & McCormack, Inc.	37
<b>ATLAS POWDER CO.</b> Agency: The Altkin-Kennel Co.	85	<b>McGRAW-HILL BOOK CO., INC.</b> Agency: Doremus & Co.	106
<b>BALTIMORE &amp; OHIO RAILROAD</b> Agency: The Richard A. Foley Adv. Agency, Inc.	49	<b>McGRAW-HILL PUBLISHING CO., INC.</b> Agency: Weston Ave. & Assoc.	50-57
<b>BORG-WARNER CORP.</b> Agency: Boats & Shutt	32	<b>METAL OFFICE FURNITURE CO.</b> Agency: Weston Ave. & Assoc.	80
<b>BRISTOL BRASS CO.</b> Agency: Surberant Abbott	2-4	<b>MIDWEST FARM PAPER UNIT</b> Agency: Olmsted & Foley, Adv.	92
<b>BRITISH INDUSTRIES FAIR</b> Agency: Hewitt, Ogley, Benson & Mathes, Inc.	100	<b>MILPRINT, INC.</b> Agency: Jim Baker Assoc., Inc.	55
<b>BUELL ENGR. CO., INC.</b> Agency: Hicks & Grant, Inc.	42	<b>MISSISSIPPI A. &amp; L. BOARD</b> Agency: Dixie Advertisers	98
<b>BURROUGHS ADDING MACHINE CO., INC.</b> Agency: Campbell-Ewald Co.	101	<b>MISSOURI PACIFIC R.R.</b> Agency: P. R. Mallory & Co., Inc.	83
<b>BYRON WESTON CO.</b> Agency: Walter B. Stone & Staff, Inc.	108	<b>MODERN TELEPHONE CORP.</b> Agency: S. T. Swinton & Co., Inc.	96
<b>CEL-U-DEX CORP.</b> Agency: Box, Fuller & Co.	78	<b>MONROE CALCULATING MACHINE CO., INC.</b> Agency: Alley & Richards, Inc.	47
<b>CHICAGO RAWHIDE MFG. CO.</b> Agency: Weston Ave. & Assoc.	82	<b>MONSANTO CHEMICAL CO.</b> Agency: Gardner Advertising Co.	86
<b>CHRYSLER CORP., AIRTEMP DIV.</b> Agency: Grant Adv., Inc.	82	<b>MORGAN, STANLEY &amp; CO.</b> Agency: Doremus & Co.	86
<b>CLECO DIV. OF REED ROLLER BIT CO.</b> Agency: Brennan Adv. Co.	54	<b>WOSINEE PAPER MILLS CO.</b> Agency: Klu Van Platenom Dunlap Assoc., Inc.	86
<b>COMBUSTION ENGINEERING-SUPER-HEATER, INC.</b> Agency: G. M. Bradford Co.	59	<b>NATIONAL CASH REGISTER CO.</b> Agency: Metcalf-Erickson, Inc.	2nd Cover
<b>A. B. DICK CO.</b> Agency: Fulton & Smith & Ross, Inc.	68	<b>NATIONAL FOREMAN'S INSTITUTE</b> Agency: Wertheim Adv. Assoc.	100
<b>DITTO, INC.</b> Agency: W. W. Harrison & Co., Inc.	81	<b>NEBRASKA RESOURCES DIV.</b> Agency: Ayers Adv. Inc.	78
<b>DOW CHEMICAL CO.</b> Agency: MacMath, John & Adams, Inc.	51	<b>N. Y. STATE DEPT. OF COMMERCE</b> Agency: Barton, Barton, Durstine & Osborn, Inc.	61
<b>DURANT MANUFACTURING CO.</b> Agency: Reek Francis Adv. Agency	50	<b>NORFOLK &amp; WESTERN RAILWAY CO.</b> Agency: Hunk & Co. Adv.	61
<b>ECONOMY PUMPS, INC.</b> Agency: The S. C. Bae Co.	54	<b>THE OSBORN MANUFACTURING CO.</b> Agency: The Groszold-Eichmann Co.	52
<b>THOMAS A. EDISON, INC.</b> Agency: James Thomas Christie Co.	53	<b>OZALID PRODUCTS DIV. OF GENERAL ANILINE &amp; FILM CORP.</b> Agency: The Hise Co., Inc.	98
<b>EXECUTONE, INC.</b> Agency: The Joseph Katz Co.	80	<b>PACKAGE MACHINERY CO.</b> Agency: John O. Powers Co.	4
<b>THE FAIRN BEARING CO.</b> Agency: Horton-Noyes Co.	72	<b>PARSONS PAPER CO.</b> Agency: Wilson, Harist & Welch, Inc.	70
<b>A. B. FARQUHAR CO.</b> Agency: Van Sant, Douglas & Co., Inc.	72	<b>PLUS COMPUTING MACHINE, INC.</b> Agency: Fuller & Smith & Ross, Inc.	28
<b>FARR CO.</b> Agency: Willard G. Grayson & Co.	40	<b>PORTLAND CEMENT ASSOC.</b> Agency: Bothe, Williams & Cleary, Inc.	68
<b>FOLLSBREE STEEL CORP.</b> Agency: Robinson, May-Led & Grice, Inc.	35	<b>THE RAULAND-BORG CORP.</b> Agency: George Brodsky, Adv.	60
<b>FRIEDEN CALCULATING MACHINE CO.</b> Agency: George I. Lott Adv.	65	<b>REVERE COPPER &amp; BRASS, INC.</b> Agency: St. Georges & Kores, Inc.	33
<b>GENERAL AMERICAN TRANSPORTATION CORP.</b> Agency: Weiss & Geller, Inc.	39	<b>ROBBINS &amp; MYERS, INC.</b> Agency: Dyer & Bonham, Inc.	91
<b>GENERAL ELECTRIC CO.</b> Agency: G. M. Bradford Co.	41	<b>ROSS CARRIER CO.</b> Agency: Parsons Advertising	110
<b>GENERAL ELECTRIC CO., LAMP DEPT.</b> Agency: Barton, Barton, Durstine & Osborn, Inc.	18	<b>ROTARY LIFT CO.</b> Agency: Greenhaus & Bush, Inc.	58
<b>THE GLOBE-WERNICKE CO.</b> Agency: Kammann Mahan, Inc.	38	<b>SCAIFE CO.</b> Agency: Walker & Downing, Industrial Ins.	95
<b>THE B. F. GOODRICH CO.</b> Agency: The Groszold-Eichmann Co.	1	<b>SHAKEPROOF, INC.</b> Agency: Walde & Briggs, Inc.	4th Cover
<b>GRINNELL CO., INC.</b> Agency: Horton-Noyes Co.	12	<b>SHAW WALKER CO.</b> Agency: Kammann & Eckhardt, Inc.	77
<b>GUARANTY TRUST CO. OF N. Y.</b> Agency: Albert Frank Gumbler Law, Inc.	97	<b>SINCLAIR OIL CORP.</b> Agency: Doremus & Co., Inc.	27
<b>HAMMERMILL PAPER CO.</b> Agency: Barton, Barton, Durstine & Osborn, Inc.	109	<b>SNF INDUSTRIES, INC.</b> Agency: A. S. Tyson and Co., Inc.	75
<b>HARDWARE MUTUALS</b> Agency: Bothe, Williams & Cleary, Inc.	70	<b>SOUNDScriber CORP.</b> Agency: Alley & Richards, Inc.	71
<b>HARTER CORP.</b> Agency: Lamport, Fox, Peal & Deik, Inc.	11	<b>SOUTHERN RAILWAY SYSTEM</b> Agency: Cunningham & Walsh, Inc.	71
<b>THE E. F. HAUSERMAN CO.</b> Agency: Robinson & Farnsworth, Inc.	11	<b>SPEERY GYROSCOPE CO.</b> Agency: Chas. Under Beach Co., Inc.	17
<b>THE HINDE &amp; DAUCH PAPER CO.</b> Agency: Howard Smith Adv. Agency	78	<b>STONE &amp; WEBSTER, INC.</b> Agency: Doremus & Co.	31
<b>HOTELS STATLER CO., INC.</b> Agency: Young & Rubicam, Inc.	14	<b>TOLEDO, PEORIA &amp; WESTERN RAILROAD</b> Agency: Arntsen & Book, & Assoc.	64
<b>HOWELL ELECTRONIC MOTORS CO.</b> Agency: Brooke, Smith, Froude & Dorrance, Inc.	87	<b>THE TORRINGTON CO.</b> Agency: The Hazard Adv. Co.	63
<b>INTERNATIONAL MINERALS &amp; CHEMICALS CORP.</b> Agency: C. Franklin Brown, Inc.	29	<b>TRUNBULL ELECTRIC MFG. CO.</b> Agency: James Thos. Chubb Co.	74
		<b>WESTERN UNION TELEGRAPH CO.</b> Agency: J. Walter Thompson Co.	102
		<b>THE YALE &amp; TOWNE MFG. CO.</b> Agency: Fuller & Smith & Ross, Inc.	94

## Tax Reform: Minimum for 1950

Diamond Jim Brady walked into Rector's one Friday noon and demanded fillet of whale, sauce marguery. Rector's, it appeared, was fresh out of whale.

"Well then," said Jim, "bring me a steak and make it three inches thick. Heaven knows I tried to get fish."

As congressmen studied President Truman's tax message this week, they began to realize that he had put in his order for whale.

In his State of the Union message a few weeks earlier he had promised to recommend changes in some of the tax provisions which now put unnecessary blocks in the way of industrial expansion. The tax message makes a pass at fulfilling that promise—but adds that the recommended tax reforms will be approved only if Congress makes up any revenue losses by tax increases elsewhere.

Truman knew when he wrote his message—his legislative leaders must have told him—that the chance of Congress meeting that condition is about as good as the chance that Rector's larder would be well stocked with fillets of whale.

BUSINESS WEEK has said (BW—Jan. 14 '50, p108) that it regards the present as an appropriate time to balance the federal budget. It has also said emphatically that the balance should be achieved by cutting expenditures, not by raising taxes. Today the economy has just emerged from an inflationary postwar boom, is hesitating between a postinflation bust and a period of soundly based peacetime prosperity. This is no time for Truman to block the removal of artificial restraints on business in an effort to conceal the fact that the expenditure side of his budget has got out of control.

### Wrong Message

Broadly considered, we have three objections to Truman's dreary and perfunctory tax message:

- (1) It is the wrong message.
- (2) Even for the message it purports to be, it is incomplete.
- (3) Even so far as it goes, it is insincere—as demonstrated by its unrealistic demand for a net increase in tax revenue.

The tax message the times call for would set going a complete overhaul of the federal tax system. For four peacetime years the country has staggered along with a set of wartime taxes. They have been patched here and there; a few tucks have been taken; but the system is still a wartime system—wartime in the size of its collections and wartime in the casual and accidental way it is levied.

About the necessity for continuing the federal budget at six times its prewar level there may be argument. There can be no argument about this: A tax system which soaks up a fifth of the national income needs to be knit together with the utmost care to ensure maximum fairness and minimum interference with economic progress. It is high time the Congress and the Treasury set about an intelligent review of our whole tax structure.

Lest BUSINESS WEEK be accused at this point of a yen for whale and chips, we add that—pending a thorough-going overhaul—we are all in favor of patching the threadbare spots and letting down the hems.

Truman's message suggests three worthwhile patches. We would like to see Congress enact each of them.

- Repeal of wartime excise taxes is overdue. These were imposed with the deliberate intent of restricting consumption; they have no place in a time when maximum consumption is essential to the health of the economy.
- Extension from two years to five years of the privilege of carrying losses from bad years forward into good years is well calculated to encourage investment in new and speculative businesses.
- The 52% "notch" rate on corporate income between \$25,000 and \$50,000 puts a senseless burden on medium-sized companies; we are glad to see Truman speak out against it.

These are good as far as they go. But there are at least two other provisions that should have been included even in such a frank piece of patchwork as Truman's message.

The arbitrarily long amortization periods for capital goods now written into the tax law have lost all relation to sound business judgment on depreciation. In a period of rapid change in technology and in markets there is no excuse for archaic standards based on the durability of brick and mortar. An excellent case can be made that any rate of amortization business management is willing to put into its own books should be good enough for the tax collector. But even if that seems too radical, any temporary tax loss resulting from shortening present amortization rules will be made up over the long run.

Similarly, Sec. 102, which puts a penalty tax on "unreasonable" accumulation of earnings, is a hindrance to sound financing of capital expansion. The object is to prevent undue accumulation of earnings for purposes of avoiding individual income tax. But as the law stands, the Bureau of Internal Revenue can declare that a company's dividend policies are unreasonable, and the burden of proving that they are not then falls on the company. This situation should be reversed. The Treasury should be forced to prove unreasonableness.

Any long-range tax program, of course, should grapple with the problem of the double taxation of corporate earnings and other deterrents to savings and investment. But a temporary program of tax relief containing these five items—the three that Truman has suggested plus the two we have added—would be a real help to the economy at this time. It should be adopted quickly. But if these or any other relief provisions are coupled with a shortsighted attempt to raise additional revenue by hiking up other taxes, all the benefits will be wiped out.

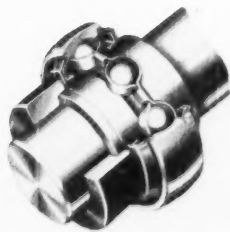
We suspect that Truman knows this. And we suspect that nobody would be unhappier than he if he were forced to chew up and swallow his order of whale.

# Time saving idea...

## On sight



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